Al Baik Fast Food Distribution Co SAE v El Baik Food Systems Co SA and another appeal

COURT OF APPEAL (PUTRAJAYA) — CIVIL APPEAL NOS W-02(IPCV)(A)-401–03 OF 2015 AND W-02(IPCV)(A)-1653–10 OF 2015

HAMID SULTAN, PRASAD ABRAHAM AND ASMABI MOHAMAD JJCA

11 AUGUST 2016

Trade Marks — Ownership — Registration of trademark — Whether trademark wrongly registered without sufficient cause and/or wrongly remained on register — Whether ought to be cancelled, expunged and removed from trademark register — Whether company aggrieved person — Whether trademark registered in bad faith — Whether trademark used for continuous period — Appeal from High Court — Whether there were appealable errors — Trade Marks Act 1976

The appellant/defendant was an Egyptian company and the respondent was a Saudi company. The Saudi company had never operated any restaurant business in Malaysia related to the trademarks in issue, notwithstanding that it had registered its trademarks in Saudi Arabia in 1987 and subsequently had registered the trademarks as 'ELBAIK' in 1997 in Malaysia. Only sometime in the year 2008, the Saudi company filed an application to register in Malaysia as 'ALBAIK'. However, the Egyptian company registered its trademarks 'ALBAIK' in Egypt and subsequently registered the trademarks in Malaysia in 2005 and was operating its restaurant business here. It was the contention of the Saudi company that: (a) its trademarks were well known in Malaysia or around the world; and (b) the Egyptian company was not entitled to register the trademarks in Malaysia. The Saudi company sought for a declaration that the it was the lawful owner of the trademark; the Egyptian company trademark was wrongly registered without sufficient cause and/or wrongly remained on the register and they be cancelled, expunged and removed from the trademark register. The Egyptian company argued that it was an aggrieved person; the Saudi company registered the marks in bad faith; the Saudi company did not use 'ALBAIK' trademarks which were registered in Malaysia contrary to s 46(1)(a) of Trade Marks Act 1976 ('the TMA'); and the mark was not used for continuous period of not less than three years plus one month in relation to the registered goods or services. In reply, the Saudi company's contended that it was the rightful owner of the trademarks in Malaysia; the Egyptian company was wrongfully riding on the appellant's goodwill and reputation; the Saudi company used its trademarks in good faith in Malaysia with the relevant and/or material period; and the Egyptian company was not an aggrieved person. The

A High Court judge ('the judge') allowed the Saudi company's application. Hence, the present appeal.

Held, dismissing Appeal No 1653 and allowing Appeal No 401:

B (1) The Saudi company had not satisfied the threshold requirement of an aggrieved person. Who is an aggrieved person is a question fact. The Saudi company never operated any business in relation to the trademarks in issue in Malaysia. The Egyptian company registered its trademarks not only in Malaysia but also other countries and is operating businesses in C Malaysia using the trademarks. The same could not be said in respect of the Saudi company. The term 'aggrieved person' relates to finding of facts, to provide locus to maintain the action (see paras 57(a) & 72(a)).

(2) The decisions of the courts do not require a high threshold to establish at D the first instance that the Egyptian company was an aggrieved person. The Egyptian company was already using its trademark and was attempting to remove a similar trademark which the trial judge had taken cognisance to say that the Egyptian company was indeed an aggrieved person. The approach taken by the trial judge was methodologically and E jurisprudentially correct (see para 72(b)).

(3) Taking a common sense approach, there could not be a confusion of the Saudi company goods or services in Malaysia for any reasonable tribunal probably appraised with the facts of the case as well as the wealth of jurisprudence in this area of law. To qualify as an aggrieved person to have F locus to file the action requires only a low threshold for the applicant to demonstrate. However, to obtain the reliefs, the threshold is high within the spirit and intent of the TMA and case laws. This distinction must be kept in mind (see para 57(b)).

G (4) The Saudi company, notwithstanding the fact that they have registered their trademarks as early as 1987, failed to take any action promptly against the appellant. The concept such as 'guilty of estoppels, acquiescence, laches or abandon of the mark' will kick in. In consequence, the trial court ought to have dismissed the Saudi company's H application under s 45 of the TMA at limine or should have upon the application of the relevant party entertained an application to vary to avoid confusion, if it was just to do so (see para 57(e)).

(5) There was merit in the Egyptian company's assertion based on the fact I that it was trading using its trademarks in Malaysia for considerable time as opposed to the Saudi company to say that it had acquired distinctive goodwill and reputation in its mark in Malaysia. The issue of confusion will not at all arise in relation to Malaysian public when the Saudi company was not trading in Malaysia. It was unnecessary to decide on this issue, save to say if the Saudi company was allowed to trade as per the

trademarks confusion will arise to the detriment of the Egyptian company as the Saudi company's trademarks will be caught by three concepts to conclude a case for 'confusion' (see para 57(c)).

(6) The Saudi company failed to show that it used the marks or had genuine and present intention to use the marks in the course of trade in Malaysia, taking into consideration that the relevant marks were registered as early as 1997 as well as 2008. Use of trademarks in relation to goods must necessarily mean use on or in relation to the goods (see para 72(c)).

[Bahasa Malaysia summary

Perayu/defendan merupakan sebuah syarikat Mesir dan responden merupakan sebuah syarikat Saudi. Syarikat Saudi itu tidak pernah menjalankan perniagaan restoran di Malaysia yang berkaitan dengan cap dagangan yang menjadi isu, walaupun syarikat Saudi itu telah mendaftarkan cap dagangannya di Arab Saudi pada tahun 1987 dan kemudiannya telah mendaftarkan cap dagangan itu sebagai 'ELBAIK' pada tahun 1997 di Malaysia. Hanya pada sekitar tahun 2008, syarikat Saudi itu telah memfailkan permohonan untuk mendaftar di Malaysia sebagai 'ALBAIK'. Walau bagaimanapun, syarikat Mesir itu telah mendaftarkan cap dagangannya 'ALBAIK' di Mesir dan kemudiannya mendaftarkan cap dagangan itu di Malaysia pada 2005 dan telah menjalankan perniagaan restorannya di sini. Syarikat Saudi menghujahkan bahawa: (a) cap dagangannya terkenal di Malaysia atau seluruh dunia; dan (b) syarikat Mesir tidak berhak untuk mendaftarkan cap dagangan itu di Malaysia. Syarikat Saudi memohon suatu perisytiharan bahawa ia merupakan pemilik yang sah bagi cap dagangan itu; cap dagangan syarikat Mesir telah didaftarkan secara salah tanpa sebab yang mencukupi dan/atau telah dimasukkan dalam daftar secara salah dan hendaklah dibatalkan, dipadam dan dikeluarkan daripada daftar cap dagangan. Syarikat Mesir pula menghujahkan bahawa ia merupakan orang yang terkilan; syarikat Saudi telah mendaftarkan tanda tersebut di Malaysia dengan niat jahat; syarikat Saudi tidak menggunakan cap dagangan 'ALBAIK' yang telah didaftarkan di Malaysia yang bercanggah dengan s 46(1)(a) Akta Cap Dagangan 1976 ('ACD'); dan tanda itu tidak digunakan untuk tempoh yang berterusan yang tidak kurang daripada tiga tahun ditambah satu bulan berhubung dengan barangan atau servis yang didaftarkan itu. Dalam hujahan balas, syarikat Saudi menghujahkan bahawa ia merupakan pemilik yang sah bagi cap dagangan itu di Malaysia; syarikat Mesir itu telah terkhilaf menggunakan nama baik dan reputasi perayu; syarikat Saudi telah menggunakan cap dagangannya dengan suci hati di Malaysia pada tempoh yang relevan dan/atau material itu; dan syarikat Mesir itu bukanlah merupakan orang yang terkilan. Hakim Mahkamah Tinggi ('hakim itu') telah membenarkan permohonan syarikat Saudi. Maka, rayuan ini.

Diputuskan, menolak Rayuan No 1653 dan membenarkan Rayuan No 401:

(1) Syarikat Saudi tidak memenuhi kehendak utama sebagai orang yang

terkilan. Siapakah orang yang terkilan merupakan suatu persoalan fakta. Syarikat Saudi tidak pernah menjalankan apa-apa perniagaan berhubung dengan cap dagangan yang menjadi isu itu di Malaysia. Syarikat Mesir telah mendaftarkan cap dagangannya bukan sahaja di Malaysia malah juga di negara lain dan sedang menjalankan beberapa perniagaan di Malaysia menggunakan cap dagangan itu. Perkara yang sama tidak boleh dikatakan berkenaan dengan syarikat Saudi itu. Terma 'orang yang terkilan' berkait dengan dapatan fakta, memperuntukkan *locus* untuk mengekalkan tindakan (lihat perenggan 57(a) & 72(a)).

(2) Keputusan mahkamah tidak menghendaki tahap yang tinggi untuk menentukan pada kali yang pertama bahawa syarikat Mesir itu merupakan orang yang terkilan. Syarikat Mesir telahpun menggunakan cap dagangannya dan telah cuba untuk mengenepikan cap dagangan yang serupa yang hakim bicara telah mengambil tahu untuk menyatakan bahawa syarikat Mesir itu yang sebenar-benarnya orang yang terkilan. Pendekatan yang diambil oleh hakim bicara adalah betul secara metodologi dan jurispruden (lihat perenggan 72(b)).

(3) Dengan mengambil pendekatan yang munasabah, tidak mungkin berlaku kekeliruan pada barangan atau servis syarikat Saudi itu di Malaysia untuk mana-mana tribunal yang munasabah berkemungkinan menilai dengan fakta kes dan juga jurispruden yang banyak dalam bidang undang-undang ini. Untuk layak sebagai seorang yang terkilan bagi mempunyai *locus* untuk memfailkan tindakan ini hanya memerlukan tahap yang rendah sahaja untuk perayu tunjukkan. Walau bagaimanapun, untuk mendapatkan relif, tahapnya adalah tinggi dalam lingkungan semangat dan hasrat ACD dan kes-kes undang-undang. Perbezaan ini hendaklah berada di minda (lihat perenggan 57(b)).

(4) Syarikat Saudi, walaupun fakta menunjukkan bahawa mereka telah mendaftarkan cap dagangan mereka seawal tahun 1987, telah gagal untuk mengambil tindakan segera terhadap perayu. Konsep seperti 'guilty of estoppels, acquiescence, laches or abandon of the mark' akan terpakai. Akibatnya, mahkamah bicara sepatutnya telah mengenepikan permohonan syarikat Saudi di bawah s 45 ACD di *limine* atau sepatutnya sebaik sahaja permohonan oleh pihak yang relevan dibuat, mendengar permohonan untuk mengubah bagi mengelakkan kekeliruan, jika ia adalah adil untuk berbuat sedemikian (lihat perenggan 57(e)).

(5) Terdapat merit pada penegasan oleh syarikat Mesir berdasarkan kepada fakta bahawa ia telah berdagang menggunakan cap dagangannya di Malaysia untuk suatu jangka masa yang panjang berbanding dengan syarikat Saudi yang menyatakan bahawa ia telah memperoleh nama baik dan reputasi yang tersendiri pada cap dagangannya di Malaysia. Isu kekeliruan berhubung dengan orang awam Malaysia tidak akan timbul sama sekali kerana syarikat Saudi itu tidak berdagang di Malaysia. Isu ini

tidak sepatutnya diputuskan, adalah selamat untuk menyatakan bahawa jika syarikat Saudi dibenarkan untuk berdagang dengan cap dagangan itu maka kekeliruan akan timbul yang menjejaskan syarikat Mesir memandangkan cap dagangan syarikat Saudi itu akan terperangkap oleh tiga konsep dalam memutuskan suatu kes 'kekeliruan' (lihat perenggan 57(c)).

(6) Syarikat Saudi telah gagal menunjukkan bahawa ia telah menggunakan tanda itu atau mempunyai niat yang tulen atau terkini untuk menggunakan tanda itu dalam perdagangannya di Malaysia, dengan mengambil kira bahawa tanda yang relevan itu telah didaftarkan seawal tahun 1997 dan juga pada tahun 2008. Penggunaan cap dagangan berhubung dengan barangan hendaklah sewajarnya bermaksud digunakan pada atau berhubung dengan barangan itu (lihat perenggan 72(c)).]

Cases referred to

Al Baik Fast Food Distribution Co SAE v El Baik Food Systems Co SA [2016] 9 MLJ 466, HC (refd)
Apollinaris Company's Trade Marks, Re [1891] 2 Ch 186, CA (refd)
Aristoc Ltd v Rysta Ltd & Anor [1945] AC 68, HL (refd)
Arnold D Palmer in the matter of Trade Mark Registration No 63249, Re [1987] 2 MLJ 681 (refd)
Auvi Pte Ltd v Seah Siew Tee and another [1991] 2 SLR(R) 786, HC (refd)
Awaluddin bin Sham Bokhari v PP [2016] 2 AMR 20, HC (refd)
Bourne v Swan & Edgar Ltd [1903] 1 Ch 211, Ch D (refd)
Cadbury-Schweppes Pty Ltd and others v Pub Squash Co Pty Ltd [1981] RPC 429, PC (refd)
Compagnie Generale Des Eaux v Compagnie Generale Des Eaux Sdn Bhd [1993] 1 MLJ 55; [1996] 3 AMR 4015, HC (refd)
Consitex SA v TCL Marketing Sdn Bhd [2008] 3 MLJ 574; [2008] 8 CLJ 444, HC (refd)
Godrej Sara Lee Ltd v Siah Teong Teck & Anor (Part 2) [2007] 7 MLJ 164; [2008] 7 CLJ 24, HC (refd)
Hu Kim Ai (trading as Geneve Timepiece) & Anor v Liew Yew Thoong (trading as Crystal Hour) [2004] 7 MLJ 590; [2005] 6 AMR 363, HC (refd)
Imperial Group Plc & Another v Philip Morris Limited & Another [1984] RPC 293 (refd)
JS Steadtler & Anor v Lee & Sons Enterprise Sdn Bhd [1993] 1 AMR 365 (refd)
Kassim bin Sulong & Anor v Guthrie Estates Holdings Ltd & Ors [1993] 3 MLJ 303; [1994] 3 CLJ 186, HC (refd)
Keep Good Feel Corp Sdn Bhd (previously known as Fasa Bebas Sdn Bhd) & Anor v Pharma World (M) Sdn Bhd & Ors [2010] 1 MLJ 242, HC (refd)
LB (Lian Bee) Confectionery Sdn Bhd v QAF Ltd [2012] 4 MLJ 20; [2012] 2 MLRA 211, FC (refd)

Lam Soon Edible Sdn Bhd v Hup Seng Perusahaan Makanan (M) Sdn Bhd [2011] 7 MLJ 366; [2010] 5 CLJ 975, HC (refd)
Liwayway Marketing Corporation v Oishi Group Public Company Limited [2016] 1 LNS 400, CA (refd)
Lloyd's v Lloyd's (Southampton) Ltd (1912) 29 RPC 433, HC (refd)
McCurry Restaurant (KL) Sdn Bhd v McDonalds Corporation [2009] 3 MLJ 774, CA (refd)
McLaren International Limited v Lim Yat Meen [2009] 5 MLJ 741; [2009] 4 CLJ 749, FC (folld)
Mesuma Sports Sdn Bhd v Majlis Sukan Negara Malaysia (Pendaftar Cap Dagangan Malaysia, interested party) [2015] 6 MLJ 465; [2015] 9 CLJ 125, FC (refd)
Oishi Group Public Co Ltd v Liwayway Marketing Corp [2015] 9 MLJ 538; [2015] 2 MLRH 132, HC (refd)
Pianotist Co's Application, Re [1906] 23 RPC 774, Ch D (refd)
Prestige Housewares (India) Ltd v Pregtig [2000] PTC 513 (Mad) (refd)
Staywell Hospitality Group Pty Ltd v Starwood Hotels & Resorts Worldwide, Inc and another and another appeal [2013] SGCA 65, CA (refd)
TG Balaji Chettiar v Hindustan Lever Ltd AIR 1967 Mad 148, HC (refd)
Tahansan Sdn Bhd v Tay Bok Choon [1985] 1 MLJ 58, FC (refd)
Tohtonku Sdn Bhd v Superace (M) Sdn Bhd [1992] 2 MLJ 63, SC (refd)
Wells Fargo Trade Mark [1977] RPC 503 (refd)
William Jacks & Co (M) Sdn Bhd v Chemquip (M) Sdn Bhd & Anor [1991] 2 MLJ 555, SC (folld)
Woolly Bull Enterprises Pte Ltd v Reynolds [2001] FCA 261, FC (refd)
Yomeishu Seizo Co Ltd & Ors v Sinma Medical Products (M) Sdn Bhd [1996] 2 MLJ 334; [1996] 3 AMR 3058, HC (refd)
Yong Teng Hing b/s Hong Kong Trading Co & Anor v Walton International Ltd [2012] 6 MLJ 609; [2012] 6 CLJ 37, FC (refd)

Legislation referred to

Rules of Court 2012 O 87
Trade Marks Act 1976 ss 14, 14(1)(a), (1)(b), (1)(c), (1)(d), (1)(e), (1)(f), (1)(g), 19, 19(1)(a), (1)(b), 20, 25, 25(1), 35, 38, 40, 44, 45, 45(1)(a), 46, 46(1)(a), (1)(b), 80
Trade Marks Act [IND] ss 47, 57
Trade Marks Regulation 1997 regs 11, 12

Appeal from: Civil Suit Nos 24IP-17–04 of 2014 and 24IP-38–12 of 2014 (High Court, Kuala Lumpur)

Steven Cheok Hou Cher (Ng Kim Poh and Nicole Chong with him) (Christopher & Lee Ong) in Civil Appeal No W-02(IPCV)(A)-401–03 of 2015 for the appellant.
Indran Shanmuganathan (Loi Choi Yoke, Kok Pok Ching and Ong Hong Keit)

(PC Kok & Co) in Civil Appeal No W-02(PICA)(A)-1653–10 of 2015 for the appellant.

Indran Shanmuganathan (Loi Choi Yoke, Kok Pok Ching and Ong Hong Keit) (PC Kok & Co) in Civil Appeal No W-02(IPCV)(A)-401–03 of 2015 for the respondent.

Steven Cheok Hou Cher (Ng Kim Poh and Nicole Chong with him) (Christopher & Lee Ong) in Civil Appeal No W-02(PICA)(A)-1653–10 of 2015 for the respondent.

Hamid Sultan JCA (delivering judgment of the court):

[1] The appellant/defendant in Appeal No W-02(IPVC)(A)-401–03 of 2015 ('401') is an Egyptian company and the respondent is a Saudi company. The appellant/defendant in Appeal No W-02(IPVC)(A)-1653–10 of 2015 ('1653') is the Saudi company and the respondent is the Egyptian company. In Appeal No '401', the application was made under s 45 of the Trade Marks Act 1976 ('the TMA 1976'). In Appeal No '1653', the application was made under s 46 of the TMA 1976.

[2] In Appeal No 401, Saudi company managed to expunge the Egyptian company's trademark. In Appeal No 1653, Egyptian company managed to remove the Saudi company's trademarks from the register. In essence, both trademarks are expunged. The learned trial judge had meticulously explained the trademarks of the Saudi company as well as the Egyptian company in two separate judgments. We will not repeat it save where it is necessary. This judgment must be read together with the two judgments of the learned trial judge one reported in *Al Baik Fast Food Distribution Co SAE v El Baik Food Systems Co SA* [2016] 9 MLJ 466 for the Appeal No '1653' and the other one is not reported yet. We will deal with both the appeals in this judgment to save repetition of the facts. The judgment will consist of two parts. One is for Appeal No '401' and the other is for Appeal No '1653'.

APPEAL NO '401'

[3] The Egyptian company appeals in respect of the judgment of the learned trial judge who allowed the Saudi company's application pursuant to s 45 of the TMA 1976 to expunge the registered trademarks on the grounds:

(a) the Egyptian company is not the rightful owner or has registered it in bad faith, contrary to s 25(1) of the TMA 1976; and

(b) the Egyptian company trademarks are confusingly similar to that of the Saudi company and this will cause confusion to the trade and public in Malaysia, contrary to s 14(1)(a)–(g) and/or s 19(1)(a) and/or (b) of the TMA 1976.

[4] It was the contention of the Saudi company that (i) its trademarks are well known in Malaysia or around the world; (ii) the Egyptian company is not entitled to register the trademarks in Malaysia.

[5] The Saudi company's prayers in brief read as follows:

(a) declaration that the plaintiff (Saudi company) is the lawful owner of trademark which consist the word 'AL BAIK' and the device of a chicken, when it is used in the food products and restaurant services;

(b) first defendant's (Egyptian company) trademark registration No 05013291 filed in Class 29 and 05013292 filed in Class 16 was wrongly registered without sufficient cause and/or wrongly remains on the register. Those trademark registrations to be cancelled, expunged and removed from trademark register;

(c) the second defendant, Pendaftar Cap Dagangan Malaysia to rectify the register by cancelling and expunging the first defendant's trademark and to *gazette* this action in the Government *gazette*; and

(d) costs to be paid by first defendant to plaintiff.

[6] The memorandum of appeal of the Egyptian company reads as follows:

1. The learned Judge erred in law in placing reliance on all affidavits affirmed by one Lim Eng Leong, the deponent for all of the Plaintiff's Affidavits in relation to Suit No 24IP-17–04 of 2014, when he in fact is not an employee, franchisee or licensee of the Plaintiff, and does not possess personal knowledge or facts deposed in his affidavits, thus is not in the position to affirm any affidavits on behalf of the Plaintiff on contentious facts.

2. The learned Judge erred in fact and in law in holding that the First Defendant's trademark is wrongly registered, without sufficient cause and/or wrongly remaining on the Register.

3. The learned Judge erred in fact in holding that the Plaintiff had expanded use of its marks to other countries where in reality, the Plaintiff only has a restaurant business and outlets in Saudi Arabia only and in no other countries.

4. The learned Judge erred in fact and in law in considering the Plaintiff's trademark as only consisting of the words 'AL BAIK' and the device of a smiling chicken, and omitted to consider the fact that up till 2007, the Plaintiff only registered a few trademarks consisting of the words 'EL BAIK' and it was only in 2007 when the Plaintiff first registered trademarks consisting of the words 'AL BAIK', whereas the First Defendant had registered and used its 'AL BAIK' trademark since 2005.

5. The learned Judge erred in fact and in law in not taking into consideration the First Defendant's first and earlier use of the First Defendant's mark in Malaysia.

6. The learned Judge erred in fact and in law in not considering the facts that the First Defendant had acquired distinctive goodwill and reputation in its mark in Malaysia.

7. The learned Judge erred in fact and in law in holding that the Plaintiff is an aggrieved person under the Trade Marks Act 1976.

8. The learned Judge erred in fact and in law in holding that the Plaintiff had registered its 'AL BAIK' trademarks in Malaysia since 1997 when the Plaintiff had actually registered its 'EL BAIK' trademark since 1997 and only registered the 'AL BAIK' trademark in 2007.

9. The learned Judge erred in fact and in law in holding that the Plaintiff's mark is well-known in Malaysia.

10. The learned Judge erred in fact and in law in holding that the pilgrims from Malaysia would invariable connect the 'AL BAIK' trademark with the Plaintiff, where there was a lack of evidence to this effect.

11. The learned Judge erred in fact and in law in holding that the registration of the First Defendant's trademark is confusingly similar to the mark of the Plaintiff making it likely to cause confusion to the public and thus contravenes s 14(1)(a) of the Trade Marks Act 1976.

PRELIMINARY ISSUES

[7] The learned trial judge had allowed the application, notwithstanding the Saudi company's case was fraught with technicalities and assertion of hearsay materials and the threshold elements to succeed in an application under s 45 was not satisfied. Based largely on hearsay evidence as well as assertion of the Saudi company's trademarks agent, one by the name of Lim Eng Leong, who is not an employee of the Saudi company, the learned trial judge concluded as follows:

> [25] Even though there is no evidence of actual use of the plaintiff's mark in Malaysia, from the affidavits before me, I am of the considered opinion that the plaintiff's marks, which had been registered since 1987 in Saudi Arabia and in other countries is a well known mark amongst those who have visited Saudi Arabia and the holy land, Mecca. Pilgrims from Malaysia would invariably connect the 'AL BAIK' trademark with the plaintiff, the owner based in Saudi Arabia.
>
> [26] Therefore, for the first defendant to register an almost identical trademark, bearing 'AL BAIK' with the smiling chicken device is likely to cause confusion to the public and this contravenes s 14(1)(a) of the TMA 1976.
>
> [27] In the premise, the plaintiff's application is allowed with costs.

[8] The learned counsel for the Egyptian company on preliminary issues says:

A (a) the Saudi company's deponent's evidence is hearsay and he had no personal knowledge; and

(b) the deponent will not have knowledge of disputed facts.

B **[9]** The preliminary issues anchored by the learned counsel for the Egyptian company, inter alia, reads as follows:

10. The Appellant had raised objections (see para 4, page 47 Record of Appeal) wherein the Appellant contends that the deponent for all of the Respondent's affidavits, one Lim Eng Leong, is not an employee of the
C Respondent but is merely a trademark agent of the Respondent in Malaysia. It is highly dubious that the deponent would have any knowledge on any information relating to a number of disputable facts, particularly in relation to the facts relating to the alleged use of the Respondent's trademarks whether in Malaysia or elsewhere. For example, the deponent would not be
D in a position to confirm which is the exact date the Respondent commenced operations in Mina, where there are conflicting dates even from the Respondent's own documents — please see paragraph 60 of this submission hereinbelow.

11. Further, for the same reason, the deponent could not properly claim to have
E any personal knowledge of any of the information contained in the documents adduced by the deponent through his affidavits. As such, most if not all of the evidence adduced therein are hearsay evidence and should be treated with caution by My Lords. Alternatively, little weight should be attached to the averments of the deponent.

F **[10]** As the Saudi company has not filed the application and/or affidavit to expunge the trademarks, it is alleged that the affidavit of the trademark agent is bad in law. We took upon ourselves to check the proprietariness of the allegation as it is trite that any application before the court must be made by the
G relevant applicant subject to exception, in relation to authority to act, which we will deal with shortly.

[11] In response to trademark agent's supporting affidavit, the Egyptian company has taken the preliminary objection, inter alia, as follows:

H (a) On the outset, and in reply to paragraphs 1 and 2 of the plaintiff's affidavit, I have been advised by the solicitors for the first defendant and verily believe that the plaintiff's affidavit is defective, in that it should not have been affirmed by the plaintiff's trademark agent since the plaintiff's affidavit contains contentious and disputable facts. The first defendant's
I solicitors will submit on the admissibility of the plaintiff's affidavit during the hearing later.

(b) In addition, I have been advised by the solicitors for the first defendant and verily believe that the correct mode of commencement of this action should be by way of a writ and not by way of originating summons, as the

matter contains substantial dispute of facts between parties. The first defendant's solicitors will submit on the admissibility of the plaintiff's affidavit during the hearing later.

[12] The learned trial judge had not addressed the preliminary objection in the judgment. In consequence, on the facts it is our considered view that the integrity of the decision making process has been compromised.

AUTHORITY TO ACT

[13] Section 80 of the TMA 1976 allows an agent to be appointed for registration of trademark, provided the criteria set out in the sections are satisfied, but not specifically to act for the applicant in court proceedings. The said s 80 of the TMA 1976 reads as follows:

Section 80 Agent

(1) Where an applicant for registration of a trademark does not reside or carry on business in Malaysia, he shall appoint an agent to act for him.

(2) Where by this Act any act has to be done by or to any person in connection with a trademark or proposed trademark or any procedure relating thereto, the act may, under and in accordance with this Act and any regulations made thereunder or in particular cases by special leave of the Registrar, be done by or to an agent of that person duly authorised in the prescribed manner.

(3) No person, firm or company shall be authorised to act as an agent for the purposes of this Act unless that person is domiciled or resident in Malaysia or the firm or company is constituted under the laws of Malaysia and such person, firm or company carries on business or practice principally in Malaysia.

[14] The TMA 1976 must also be read with Trade Marks Regulation 1997. The most relevant regulation for s 80 of the TMA 1976 will be regs 11 and 12 which read as follows:

Regulation 11 Agency

(1) Except as otherwise required by the Act or these Regulations:

(a) any application, request or notice which is required or permitted to be made or given to the registrar;

(b) all other communications between an applicant or a person making such request or giving such a notice and the registrar; and

(c) all other communications between the registered proprietor or the registered user of a trademark and the registrar or any other person, may be signed, made or given by or through an agent and the registrar may;

(d) in any particular case, require the personal signature or presence of the applicant, opponent, registered proprietor, registered user or other person; and

(e) by notice in writing sent to an agent, require him to produce evidence of his authority.

(2) Where a party to proceedings before the registrar appoints an agent for the first time or appoints one agent in substitution for another, the agent appointed shall file Form TM 1 with the registrar on or before the first occasion on which he acts as an agent for that party in the proceedings.

(3) No person may appoint more than one agent to act for him concurrently in respect of the same mark, whether in respect of the same or different transactions; and where more than one agent is on record, the registrar shall recognise only the latest agent duly appointed.

(4) The registrar shall decline to recognise as an agent any person who is not currently on the register of trademarks Agents of Malaysia compiled and maintained under regulation 12.

Regulation 12 Registration of agents

(1) The registrar shall maintain a register of trademarks agents.

(2) An application to be registered as a trademarks agent shall be made to the registrar on Form TM 2 accompanied with payment of the prescribed fee.

(3) In order to be registered in the register of trademarks agents, the applicant shall satisfy the registrar that he is either domiciled or resident in Malaysia or has a principal place of business in Malaysia, and:

(a) is on the register of patents agents maintained in pursuance of regulations made under the Patents Act 1983 (Act 291); or

(b) is an advocate and solicitor practising solely in Malaysia; or

(c) holds a recognised degree in any field of studies and has had at least three years' experience in the field of industrial property; or

(d) has had at least three years of experience in the field of industrial property by virtue of he being an ex-officer of the office; or

(e) has acted as a trademark agent to the satisfaction of the registrar before the Trade Marks Regulations 1997 came into force.

(4) The registrar shall not register any person who has been convicted of any registrable offence or any criminal offence involving fraud or dishonesty.

(5) The registrar, upon being satisfied that the applicant qualifies to be registered in the register of trademarks agent, shall register the applicant for a term expiring on the 31st December of that year.

(6) An agent shall be removed from the register of trademarks agent if he:

(a) is no longer domiciled or resident in Malaysia or no longer has a principal place of business in Malaysia; or

(b) is convicted of a registrable offence or any criminal offence involving fraud or dishonesty; or

(c) is an undischarged bankrupt; or

(d) has been struck off and not restored to the register of patents agents or the roll of advocates and solicitors or is suspended for the time being from that register or that roll.

(7) An application for the renewal of registration as a trademark agent shall be made to the registrar on Form TM 3 together with payment of the prescribed fee by 31 January of each year.

(8) The registrar shall upon being satisfied that the conditions specified in sub-regulations (3) and (4) continue to be satisfied, renew the registration of the trademarks agent for a term expiring on 31 December of that year.

[15] When s 80 is read with regs 11 and 12, it will be clear that the said section or regulations do not give authority for the agent to act for a registered trademark holder in the High Court. The application as well as the supporting affidavit must be filed in this case by the registered proprietor who is aggrieved by the act of the appellant and not by the agent. That is what s 45(1)(a) asserts about 'any person aggrieved'. Whether such an application can be made by the trademark agent is doubtful. This issue was not properly raised by the appellant before the learned trial judge. We did not see any argument on s 80 in the submission before the trial judge and in consequence we will not labour on this point, save to say that the Supreme Court in *William Jacks & Co (M) Sdn Bhd v Chemquip (M) Sdn Bhd & Anor* [1991] 2 MLJ 555, had asserted that a challenge to the authority of solicitors may be made at any time and the court in its inherent jurisdiction may entertain the challenge made orally and may order the action to be struck out if there was sufficient or admitted evidence that there is no action properly before it. We take the view that the jurisprudence advocated in *William*'s case will apply to the trademark agent.

ORIGINATING SUMMONS AND HEARSAY EVIDENCE

[16] It is well settled that an application to the court under the TMA 1976 must be by originating summons (O 87 of the Rules of Court 2012). It is also well settled in the hearing of the originating summons that the affidavit in support must not be fraught with hearsay evidence (see *Awaluddin bin Sham Bokhari v Public Prosecutor* [2016] 2 AMR 20). This point was well articulated in the case of *Kassim bin Sulong & Anor v Guthrie Estates Holdings Ltd & Ors* [1993] 3 MLJ 303; [1994] 3 CLJ 186, where Zakaria Yatim J on the facts of the case held:

(1) Where a deponent averred that he was 'advised and verily believed' but did not disclose the source of his information or the person who had advised him, the averment was bad. This was hearsay evidence. *Where the*

proceeding was a final matter and not an interlocutory matter, hearsay evidence was inadmissible.

(2) Where an affidavit contained hearsay evidence or extrinsic evidence, it was inadmissible. An affidavit was not a place for submissions.

(3) Where exhibits to the affidavit state an opinion of law, that opinion of law is not admissible. It is the function of the court to decide on questions of law.

[17] In addition, where the facts are disputed that issue may have to be determined by oral evidence (see *Tahansan Sdn Bhd v Tay Bok Choon* [1985] 1 MLJ 58).

[18] In the instant case, all the procedural safe guards for a valid trial had been compromised to arrive at a just decision. In consequence, we take the view that the decision making process has been compromised, warranting the appellate court to set aside the judgment in limine.

[19] Notwithstanding our views on the preliminary issues raised and dealt with, we will now deal with the merit of the appeal.

BRIEF FACTS

[20] The Saudi company has never operated any restaurant business in Malaysia related to the trademarks in issue, notwithstanding that it has registered its trademarks in Saudi Arabia in 1987 and subsequently had registered the trademarks as 'ELBAIK' in 1997 in Malaysia. Only sometime in the year 2008, the Saudi company had filed an application to register in Malaysia as ALBAIK. However, the Egyptian company had registered its trademarks ALBAIK in Egypt and subsequently registered the trademarks in Malaysia in 2005 and was operating its restaurant business here. In essence, the Saudi company registered trademark was ELBAIK, registered in 1997 (subsequently ALBAIK) but seeking to expunge ALBAIK trademark of the Egyptian company.

[21] It must be kept in mind that the Saudi company's trademarks registered in 1997 was ELBAIK and only subsequently in 2008 had registered as ALBAIK. The details as set out by the learned counsel for the Saudi company read as follows:

No.	Cap Dagang	Nombor	Tarikh Pendaftaran/ Permohonan	Kelas Barangan/ Perkhidmatan	Status
1.		97020468	1/12/1997	43	Registered
2.		97020470	1/12/1997	43	Registered
3.		97017036	25/11/1997	29	Registered
4.		08005624	24/3/2008 Priority: 8/9/2007	30	Registered
5.		08005628	24/3/2008 Priority: 28/9/2007	29	Registered
6.		08005626	24/3/2008 Priority: 28/9/2007	30	Registered
7.		08005629	24/3/2008 Priority: 28/9/2007	30	Registered
8.		08005631	24/3/2008 Priority: 28/9/2007	16	Registered
9.		08005630	24/3/2008 Priority: 28/9/2007	43	Pending
10.		08005627	24/3/2008 Priority : 28/9/2007	16	Pending

[22] The details of the Egyptian company trademarks as set out by the learned counsel for the Egyptian company reads as follows:

No.	Trade mark	Trade mark no.	Date of application/ Registration	Class of goods	Status
1.		05013292	9/8/2005	16	Third Party Removal
2.		05013292	9/8/2005	29	Third Party Removal

A JURISPRUDENCE RELATING TO TRADEMARK AND AN APPLICATION UNDER S 45 OF THE TMA 1976

[23] Trademark is a generic phrase and it includes symbol and/or design that identifies and distinguishes the source of the goods of one party from those of others. In contrast, service mark relates to symbol and/or design that identifies and distinguishes the source of a service rather than the goods. Mark used to promote services are referred to as service marks. For example, different goods and services have been classified by the International (Nice) Classification of Goods and Services into 45 trademarks classes (1–34 cover goods, and 35–45 cover services). The idea of this system is to specify and limit the extension of the intellectual property right by determining which goods or services are covered by the mark, and to unify classification systems around the world. TMA 1976 gives an extended meaning to trademark and includes service mark. Under the common law and/or statute, the jurisprudence relating to trademark relates to three concepts namely distinctiveness, deceptive similarity of marks and similarity of goods.

[24] The law considers trademark as a type of intellectual property and the law gives exclusive rights and protection in respect of registered trademark or services, to prevent unauthorised use of the mark in relation to product or services which are identical or 'colourfully' similar to the 'registered' products or services, and in certain cases to entirely dissimilar product or services. *The ultimate test as it stands for purpose of registration or to sustain registration is whether the consumers of the goods or services will be confused as to the identity of the source or origin*. (Emphasis added.) This can also be conveniently referred to as 'customer' or 'consumer' approach. This test is in actual fact is an objective test (jury test) and need the assistance of common sense jurisprudence as opposed to reliance of case law per se or the views of academicians. Judges reasoning on such issues may not be one and the same in all jurisdictions (see *Staywell Hospitality Group Pty Ltd v Starwood Hotels & Resorts Worldwide, Inc and another and another appeal* [2013] SGCA 65 (*Staywell* case)).

[25] It must be noted that a trademark is a distinctive sign or indicator used by an individual, business organisation, or other legal entity to identify that the products or services to consumers with which the trademark appears, originate from a unique source, and to distinguish its products or services from those of other entities. In essence, trading necessarily means trading in Malaysia but there are a number of exceptions. Further, the three concepts namely: (i) distinctiveness; (ii) deceptive similarity of marks; (iii) similarity of goods; may have a lesser role to play as per the instant case when the Saudi company is not trading in Malaysia.

[26] However, when one selects a name for its brand or trademark, they must be careful not to invite trouble from other traders who are already well established (see *Lloyd's v Lloyd's (Southampton) Ltd* (1912) 29 RPC 433 and *Compagnie Generale Des Eaux v Compagnie Generale Des Eaux Sdn Bhd* [1993] 1 MLJ 55; [1996] 3 AMR 4015).

[27] On the issue of right and wrong, the learned authors of *Kerly's Law of Trademarks and Trade Names*, (12th Ed) says:

> It is an actionable wrong for the defendant to represent, for trading purpose, that his goods are those or that his business is that of the plaintiff, and it makes no difference whether the representation is effected by direct statement, or by using some of the badges by which the goods of the plaintiff are known to be his, or any badges colourably resembling these, in connection with goods of the same kind, not being the goods to be taken by ordinary purchasers for the goods of the plaintiff.

[28] At the same page the learned authors quote the case of *Cadbury-Schweppes Pty Ltd and others v Pub Squash Co Pty Ltd* [1981] RPC 429 at p 490 (PC, NSW) where it was stated:

> ... the tort is no longer anchored as in its early nineteenth century formulation, to the name or trademark of a product or business. It is wide enough to encompass other descriptive material, such as slogan or visual images, which radio, television or newspaper advertising campaigns can lead the market to associate with the plaintiff product, provided always that such descriptive material become part of the goodwill of the product. And the test is whether the product has derived from advertising a distinctive character which the market recognised.

[29] Learned author P Narayanan in his book 'Trade Marks and Passing Off' (6th Ed), had summarised the basic principles of trademark law at pp 7 and 8 and read as follows:

> 1.09 Basic principles of Trade Mark law. It is interesting to note that the law of trademark, practically all over the world is based on three broad concepts: (1) distinctiveness or distinctive character, or capable of distinguishing, (2) deceptive similarity or similarity or near resemblance of marks and (3) same description or similarity of goods. The purpose of the Act, as stated in the preamble, is to provide for registration and better protection of trademarks for goods and services and to prevent the use of fraudulent marks. In consonance with this object the following fundamental principles of Trade Mark law are embodied in the various provisions of the Act:
>
> (a) Since registration confers on the proprietor a kind of monopoly right over the use of the mark, which may consist of a word or symbol legitimately required by other traders for bona fide trading or business purposes, certain restrictions are necessary on the class of words or symbols over which such monopoly right may be granted. This principle is recognised in the qualifications for registration laid down in s 9. Absolute grounds for refusal of registration.

(b) Registration of a trademark should not interfere with the bona fide use by other persons of names or words in ordinary usage. This principle is embodied in ss 13 and 35.

(c) Property rights in a trademark acquired by use are superior to similar rights obtained by registration under the Act. This is clear from the preamble which refers to 'better protection of trademarks', thereby necessarily implying the existence and availability of some protection under common law. It, therefore, follows that prior users of trademarks should be protected against any monopoly rights granted under the Statute. This principle is enacted in s 34.

(d) There are obviously two main interests to be protected when a mark is presented for registration. There is first the interest of the public. A trademark ought not to be registered if its use will be apt to mislead the public as to the origin of the goods they are purchasing. There is also the interests of other existing traders who are entitled to object if the use of the trademark proposed for registration will be calculated to enable the applicant's goods to be passed off on the public as such other traders' goods. These interests are protected by ss 9 and 11.

(e) It may so happen that a trader honestly used a trademark for a number of years although an identical or similar mark has been registered or used by another. It will obviously cause hardship to such a trader if he is deprived of the benefits of registration. Section 12 provides for the registration of such marks subject to suitable conditions and limitations.

(f) A trademark has no meaning unless it is used in relation to some goods. Broadly speaking, the life of a trademark depends on its use; and continued non-use may lead to its eventual death. There is, therefore, no equitable or logical basis for the continuance of the protection afforded by registration where the mark is no longer in use for sufficiently long period. This principle is recognised in the Act by providing for removal of a mark from the register on the ground of non-use (see s 47).

(g) A Trade Mark is recognised as a form of property. The term 'proprietor of a trademark' is used in the definition of a trademark and also in various other provisions of the Act. It should, therefore, be assignable and transmissible as in the case of other forms of property. This principle is the basis of the provisions contained in *Chapter v Having* regard to the peculiar nature of this property, the Act has taken care to impose various restrictions and conditions for the assignment or transmission of property rights in a trademark, whether registered or unregistered.

(h) Granting the benefits of registration under the Statute is; not only a matter of interest to the applicant seeking registration, but it is a matter in which the public is also interested. It is, therefore, necessary that any member of the public who wants to object to the registration should be permitted to do so. The Act accordingly provides for advertisement of the application and opposition thereto by any interested party (see ss 20 and 21).

These principles are substantially followed in all countries administering trademark law. It has been observed that 'it is of the highest importance that in such an important branch of commercial law as that relating to trademarks there should be uniformity as far as possible in all countries administering the same system of law'.

[30] Trademark rights are generally enforceable within the jurisdiction but there can also be protection outside the jurisdiction. What is essential to note is that the law of trademark is not predicated on the premise to give monopoly to traders. The law on trademark is constructed, inter alia, to protect the public against tortious acts of competing traders in a particular state. The law and case laws on trademark in a state may align itself to give protection on first come first basis of the user or intended user of trademark. For example, a well established trademark, say in Australia, which may be identical to a well established trademark from USA and trading in India may not be allowed to register the trademark in India, without proper direction related to variation and satisfying the court that the Australian is a genuine trader and not a tortfeasor (see *Staywell* case). The facts of the instant case is one related to genuine traders but the Saudi company had not started with its trading activities using its marks in restaurant business in Malaysia. This distinction must be kept in mind in dealing with the final issue related to confusion.

TMA 1976

[31] The law on registered trademark is encompassed in TMA 1976 and Trade Marks Regulations 1997 ('the TMR 1997'). The Act does not define what a trademark is but says 'mark' includes a device, brand, heading, label, ticket, name, signature, word, letter, numeral or any combination thereof. It is essential to note that the law of trademark is essentially based on distinctive similarities of marks as well similarities of goods (see *McCurry Restaurant (KL) Sdn Bhd v McDonalds Corporation* [2009] 3 MLJ 774). If a person is the owner of a registered trademark in a particular language, another person cannot claim registration of the same word trademark in any other language using the equivalent in translation (see (i) *Yomeishu Seizo Co Ltd & Ors v Sinma Medical Products (M) Sdn Bhd* [1996] 2 MLJ 334 and (ii) *TG Balaji Chettiar v Hindustan Lever Ltd* AIR 1967 Mad 148). In the instant case, it will be difficult to content that there are no similarities in marks or services.

[32] At common law, unregistered trademark is protected as long as it is in use and provided the owner of the mark takes immediate action against infringers by passing off action etc. Similarly a registered trademark can be protected as long as the owner desires so, provided it is renewed periodically, as provided by the relevant Act *and immediate action is taken against infringers. If the infringement of the mark is not prevented, the mark may become common and in consequence may lose protection*. (Emphasis added.) In the instant case, the Saudi company has not taken any action relating to infringement,

notwithstanding the Saudi company's marks was registered first. We are mindful there are cases to say that delay on the part of an applicant to seek reliefs is no bar to the application (*Bourne v Swan & Edgar Ltd* [1903] 1 Ch 211). There have been cases where marks have been removed after being on the register for 14 years (see *Re Apollinaris Company's Trade Marks* [1891] 2 Ch 186). We do not think condoning delay without proper reasons is part of our jurisprudence and/or within the spirit and intent of the TMA 1976. The old cases or decisions based on the old cases must be read with caution.

COMPARISON AND CONFUSION

[33] Useful guidelines, particularly the essential features and/or concepts, for the comparison of trademark in an infringement and passing off case were set out by the Supreme Court in *JS Steadtler & Anor v Lee & Sons Enterprise Sdn Bhd* [1993] 1 AMR 365. The nuances of the three concepts related to distinctiveness, deceptive similarity of marks and similarity of goods were well articulated in the iconic judgment of Sundaresh Menon CJ of Singapore, sitting in the Court of Appeal in the case of *Staywell*.

[34] In *Tohtonku Sdn Bhd v Superace (M) Sdn Bhd* [1992] 2 MLJ 63, the Supreme Court endorsed the *Pianotist* test. The *Pianotist* test does not articulate a formula or methodology for a court to conclude what is 'right'. The test gives guidelines to arrive at a 'just' decision and not necessarily a 'right' decision. The Supreme Court observed as follows:

> The 'test' which Wan Adnan J was referring to were contained in Parker J's judgment in *The Pianotist Co Ltd* in the following terms:
>
> > You must take two words. You must judge them, both by their look and by their sound. You must consider the goods to which they are to be applied. You must consider the nature and kind of customer who would be likely to buy those goods. In fact you must consider all the surrounding circumstances; and you must further consider what is likely to happen if each of those trademarks is used in a normal way as a trademark for the goods of the respective owners of the marks.

[35] The issues to be tried related to *Pianotist* test is jury oriented (jury test), ie one of finding of facts and it gives no room for academic orientation in the form of judicial pronouncement of a complicated nature where even law students may shy away. However, subsequent cases after the Supreme Court's decision in *Tohtonku* within our jurisdiction and outside, had expanded the jury test to a more complicated version which was partly summarised in *Consitex SA v TCL Marketing Sdn Bhd* [2008] 3 MLJ 574; [2008] 8 CLJ 444 as follows:

(a) the idea conveyed by both trademarks must be compared;

(b) the marks as a whole must be compared;

(c) the first syllable of the trademarks is of importance;

(d) the ear as well as the eye must be considered;

(e) the imperfect recollection of customers/potential customers must be considered; and

(f) the essential features of the trademarks must also be compared.

[36] In the Malaysian context, the *Pianotist* test (jury test) has been well entrenched through courts decisions. The *Pianotist* test provides a simple methodology and guidelines to achieve a just conclusion and not necessarily a right decision as to whether a trademark should be allowed to be registered and/or to be sustained in the register of trademarks. Once those guidelines had been meticulously followed by the registrar of trademark or the trial court, apex court should be slow to intervene as it does not fall in the area of law but more to the exercise of discretion. The *Pianotist* test is within the spirit and intent of the TMA 1976, though case laws in this area of law within and outside Malaysia may advocate convoluted jurisprudence to conclude what is right rather than what is just taking into consideration a holistic approach whether indeed there will be confusion to the Malaysian public. The TMA 1976 does not give any party a monopoly right to register a trademark when there is a competing interest. As long as the applicant can demonstrate that it will be just for the trademark to be registered or be in the register that prima facie will satisfy the *Pianotist* test. Our ss 20, 25, 35 and 44 of the TMA 1976 even permit the registrar to register a trademark by imposing conditions, etc. This provision is meant to allow fair competition between genuine traders and to enable them to register their trademarks by ensuring the issue of 'confusion' is eliminated. If there is no confusion, registration of trademark should ordinarily follow. In this case, the Saudi company or Egyptian company did not resort to the above said sections before the registrar and/or the High Court. The said sections ss 20, 25, 35 and 44 of the TMA 1976 read as follows:

Section 20 Concurrent use

(1) Notwithstanding sub-section 19(1), in the case of honest concurrent use or of the circumstances described in paragraph 6(4)(c) or of other special circumstances which, in the opinion of the court or the registrar, make it proper so to do, the court or the registrar may permit the registration of more than one proprietor in respect of trademarks which are identical or so nearly resembling each other as are likely to deceive or cause confusion where the registration of the different proprietors:

(a) is in respect of the same goods or description of goods; or

(b) in the case of at least one proprietor, is in respect of goods, and in the case of the other or others, is in respect of services closely related to those goods,

A subject to such conditions, amendments, modifications or limitations, if any, as the court or the registrar, as the case may be, may think right to impose.

(1A) Notwithstanding subsection 19(2), in the case of honest concurrent use or of other special circumstances which, in the opinion of the court or the registrar, make B it proper so to do, the court or the registrar may permit the registration of more than one proprietor in respect of trademarks which are identical or so nearly resembling each other as are likely to deceive or cause confusion where the registration of the different proprietors:

C (a) is in respect of the same services or description of services; or

(b) in the case of at least one proprietor, is in respect of services, and in the case of the other or others, is in respect of goods closely related to those services, subject to such conditions, amendments, modifications or limitations, if any, as the court or the registrar, as the case may be, may think right to D impose.

(2) The Registrar shall not refuse to register a trademark which is identical to or so nearly resembling another trademark in the Register if the applicant of the first mentioned trademark or his predecessor in business has continuously used that trademark from a date before:

E (a) the use of that other trademark by the registered proprietor or his predecessor in business or by a registered user; or

(b) the registration of that other trademark by the registered proprietor or his predecessor in business,

F whichever is the earlier.

Section 25 Registration

(1) Any person claiming to be the proprietor of a trademark used or proposed to be used by him may make application to the Registrar for the registration of that mark in the Register in the prescribed manner. G

(2) An application shall not be made in respect of goods or services comprised in more than one class.

(3) Subject to the provisions of this Act, the Registrar may refuse the application or may accept it absolutely or subject to such conditions, H amendments, modifications or limitations, if any, as he may think right to impose.

(4) In the case of refusal or conditional acceptance the Registrar shall, if required by the applicant, state in writing the grounds of his decision and the material used by him in arriving at the same. I

(5) A decision of the Registrar under subsection (3) is subject to appeal to the Court.

(6) An appeal under this section shall be made in the prescribed manner and the Court shall, if required, hear the applicant and the Registrar, and shall

make an order determining whether, and subject to what conditions, amendments, modifications or limitations, if any, the application is to be accepted.

(7) The appeal shall be heard on the material stated by the Registrar to have been used by him in arriving at his decision and no further grounds of objection to the acceptance of the application shall be allowed to be taken by the Registrar other than those so stated except by leave of the Court.

(8) Where any further grounds of objection are taken the applicant shall be entitled to withdraw his application without payment of costs on giving notice in the prescribed manner.

(9) The Registrar or the Court, as the case may be, may at any time, whether before or after acceptance, correct any error in or in connection with the application or may permit the applicant to amend his application upon such terms as he or it may think fit.

(10) Any application submitted and accepted under this section shall notwithstanding any correction or amendment permitted by the Registrar or the Court to be made in such application be deemed to have been made on the date of its original submission.

(11) (*Repealed by Act A1078*).

(12) Without prejudice to subsection (10) where after the acceptance of an application for registration of a trademark but before the registration of the trademark the Registrar is satisfied:

(a) that the application has been accepted in error; or

(b) that in the special circumstances of the case the trademark shall not be registered or shall be registered subject to additional or different conditions or limitations, the Registrar may withdraw the acceptance and proceed as if the application had not been accepted or, in respect only of a trademark which shall be registered subject to additional or different conditions or limitations, reissue a new acceptance subject to additional or different conditions or limitations.

Section 35 Rights given by registration

(1) Subject to the provisions of this Act, the registration of a person as registered proprietor of a trademark (other than a certification trademark) in respect of any goods or services shall, if valid, give or be deemed to have been given to that person the exclusive right to the use of the trademark in relation to those goods or services subject to any conditions, amendments, modifications or limitations entered in the Register.

(2) Where two or more persons are proprietors of registered trademarks which are identical or nearly resembling each other rights of exclusive use of either of those trademarks are not (except so far as their respective rights have been defined by the Registrar or the Court) acquired by any one of those persons as against any other of those persons by registration of the

A trademark but each of those persons have the same rights as against other persons (not being registered users) as he would if he were the sole registered proprietor.

Section 44 Alterations of registered trademark

B (1) The registered proprietor of a trademark may apply in the prescribed manner to the Registrar for leave to add to or alter the trademark in any manner not substantially affecting the identity thereof and the Registrar may refuse leave or may grant it on such terms and subject to such limitations as he may think fit.

C (2) The Registrar may cause an application under this section to be advertised in the prescribed manner in any case where it appears to him that it is expedient to do so, and if within the prescribed time from the date of the advertisement any person gives notice to the Registrar in the prescribed manner of opposition to the application, the Registrar shall, after hearing the parties if so required, decide the matter.

D (3) A decision of the Registrar under this section is subject to appeal to the Court.

(4) Where leave under subsection (1) is granted the trademark, as altered, shall be advertised in the prescribed manner unless it has already been

E advertised in the form to which it has been altered in an advertisement under subsection (2).

[37] Allowing trademarks to be registered creates a revenue for the

F government as well as provides employment to many professionals as well as others to get trademarks registered in an orderly fashion to avoid confusion. Sections 20, 25, 35 and 44 of the TMA 1976 and s 45 *paves way for registration in the best acceptable manner*. Proper reliance of applicants on these sections or directions by court to the registrar may be one way to arrest convoluted

G jurisprudence in this area of law. In the instant case, regrettably the said sections were not resorted to by the parties before the registrar of trademarks, the High Court as well as before us in the right perspective. (Emphasis added.)

TRADEMARK AND EXCLUSIVE RIGHT

H

[38] The registration of trademark does not guarantee its validity or exclusiveness, per se. However, registration gives the owner exclusive right to the use of the trademark in relation to those goods or services subject to any conditions etc. in the register (see s 35 of the TMA 1976). An aggrieved person

I can seek the assistance of the court to rectify the register to expunge or *vary any entry in the register* (see s 45 of the TMA 1976). (Emphasis added.) Section 35 read with s 45 gives power to the court in lieu of expunging to vary any entry. However, the relevant parties must apply. It is a sort of saving provision for competing interest. (Emphasis added.)

[39] In *McCurry Restaurant (KL) Sdn Bhd v McDonalds Corporation* [2009] 3 MLJ 774 among the issues debated were whether — (i) the plaintiff had monopoly in use of the prefix 'Mc' on signage or in conduct of its business and (ii) the defendants had sought to obtain unfair advantage from using the prefix 'Mc'. Gopal Sri Ram JCA (as he then was) held:

> First, you have to look at the plaintiff's mark or get-up or logo — call it what you will — as a whole and not merely one element in it. The plaintiff's get-up consists of a distinctive golden arched 'M' with the words McDonalds against a red background. The defendants' signboard carried the words 'Restoran McCurry' with the lettering in white and grey on a red background with a picture of a chicken giving a double thumb up and with the wording 'Malaysian Chicken Curry' . Thus, the defendant's presentation of its business style and get-up which is distinctively different from that of the plaintiff. Second, as I have already said, the item of food available at the plaintiff's outlets all carry the prefix 'Mc' . However, as evident from the defendant's menu card none of the food items served carries the prefix Mc. This is an important consideration. Third, it is beyond dispute that the type of food available at the plaintiff's outlets is very different from that served at the defendant's sole outlet ... The learned trial judge in her judgment appears to have been influence by the decision of the hearing office in the United Kingdom trademark registry, in the matter of application No 1412458 ... to register the mark McIndian. There, the hearing office found for McDonalds on the ground that marks all employing the prefix 'Mc'. However, what the learned trial judge in the present instance appears to have overlooked is the fact that McIndian not only sold Indian food, but also southern fried chicken, cheeseburger, french fries and shakes which are very items that McDonalds also sell ... In my judgment the irresistible inference to be drawn from the totality of the evidence is that the defendant's signboard would not result in reasonable persons associating McCurry with the plaintiff's mark.

INFRINGEMENT

[40] What amounts to infringement of trademark is set out in s 38 and what acts do not constitute infringement is set out in s 40 of the TMA 1976. As a general rule, trademark will be infringed if a person, in the course of trade, in relation to the same goods for which the mark is registered, uses without authority, the same mark or a deceptively similar mark.

[41] In respect of infringement s 38 of the TMA 1976 states:

> 38 Infringement of a trademark
>
> (1) A registered trademark is infringed by a person who, not being the registered proprietor of the trademark or registered user of the trademark using by way of permitted use, uses a mark which identical which it or so nearly resembling it as is likely to cause confusion in the cause of trade in relation to goods or services in respect of which the trademark likely to be taken either:
>
> (a) as being use as a trademark;

(b) in a case in which the use is use upon the goods or in physical relation thereto or in an advertising circular, or other advertisement, issued to public, as importing a reference to a person having the right either as registered proprietor or as registered user to use the trademark or to goods with which the person is connected in the course of trade; or

(c) in a case in which the use is use at or near the place where the services are available or performed or in an advertising circular or other advertisement issued to public, as importing a reference to a person having the right either as registered proprietor or as registered user to use the trademark or to goods with which the person is connected in the course of trade.

[42] What will not amount to infringement is set out in s 40 which reads as follows:

Acts not constituting infringement

40(1) Notwithstanding anything contained in this Act, the following acts do not constitute an infringement of a trademark:

(a) the use in good faith by a person of his own name or the name of his place of business or the name of the place of business of any of his predecessors in business;

(b) the use in good faith by a person of a description of the character or quality of his goods or services, and in the case of goods not being a description that would be likely to be taken as importing any reference as is mentioned in paragraph 38(1)(b) or paragraph 56(3)(b);

(c) the use by a person of a trademark in relation to goods or services in respect of which he has by himself or his predecessors in business, continuously used the trademark from a date before:

(i) the use of the registered trademark by the registered proprietor, by his predecessors in business or by a registered user of the trademark; or

(ii) the registration of the trademark,

whichever is the earlier;

(d) in relation to goods connected in the course of trade with the registered proprietor or a registered user of the trademark if, as to those goods or a bulk of which they form part, the registered proprietor or the registered user in conforming to the permitted use has applied the trademark and has not

subsequently removed or obliterated it or has at any time expressly or impliedly consented to the use of the trademark;

(dd) the use by a person of a trademark in relation to goods or services to which the registered proprietor or registered user has at any time expressly or impliedly consented to;

(e) the use of the trademark by a person in relation to goods or services adapted to form part of, or to be accessory to, other goods or services in relation to which the trademark has been used without infringement of the right given or might for the time being be so used, if the use of the trademark is reasonably necessary in order to indicate that the goods or services are so adapted and neither the purpose nor the effect of the use of trademark is to indicate otherwise than in accordance with the facts a connection in the course of trade between any person and the goods or services; and

(f) the use of a trademark, which is one of two or more registered trademarks which are substantially identical, in exercise of the right to the use of that trademark given by registration as provided by this Act.

(2) Where a trademark is registered subject to conditions, amendments, modifications or limitations, the trademark is not infringed by the use of the trademark in any manner in relation to goods to be sold or otherwise traded in in a place or in relation to goods to be exported to a market or in relation to services to be provided in a place or in any other circumstances to which having regard to those conditions, amendments, modifications or limitations the registration does not extend.

[43] In dealing with s 38, Zulkefli bin Ahmad Makinudin J (as he then was) in *Hu Kim Ai (trading as Geneve Timepiece) & Anor v Liew Yew Thoong (trading as Crystal Hour)* [2004] 7 MLJ 590; [2005] 6 AMR 363 held on the facts, inter alia, as follows:

In using the 'Five Stars Device' trademark, the defendant used a trademark, which was identical in every sense with the plaintiff's registered trademark with the exception of the word 'Blansacar'. The defendant copied the exact stylised design of the plaintiffs' trademark, the arrangement of the five stars and the position of the 'Five Stars Device'. The evidence adduced further shows that there was actual confusion caused by the defendant's offending watches as it so nearly resembles the plaintiffs' registered trademark and as both watches were also referred by the same Chinese characters 'Wu Xing Shang Jiang', it would be difficult for buyers who do not understand English to differentiate between the two watches. It was also not disputed that the plaintiff's registered trademark and the defendant's trademark were both applied to and used on watches. On the evidence, the defendant had therefore infringed the plaintiffs' registered trademark as the elements for infringement of trademark laid down in s 38 of the Act had been fulfilled.

(See *Yomeishu Seizo Co Ltd & Ors v Sinma Medical Products (M) Sdn Bhd*

A [1996] 2 MLJ 334; [1996] 3 AMR 3058 and *Aristoc Ltd v Rysta Ltd & Anor* [1945] AC 68).

GENERAL DEFENCES

B **[44]** The learned author P Narayanan 2009 summarises the general defences in trademark cases as follows: (i) the plaintiff has no title to sue; (ii) registration of the mark is not valid and is liable to be expunged; (iii) the use of the mark complained of is not an infringement of the registered trademark; (iv) in the case of part B registration, the issue complained is not likely to deceive or cause
C confusion; (v) the defendant has a statutory right to use the mark by virtue of concurrent registration; (vi) the defendant's use is prior to the registration and use of the plaintiff; (vii) the defendant has a right to use by virtue of honest concurrent use; (viii) the defendant is using the mark bona fide for descriptive
D purposes or he is bona fide using his own name or that of his place of business, or the name or the name of the place of business of his predecessors in business. This does not apply to use of the name as a trademark; (ix) the plaintiff's mark has become the common name of the goods or has become common to the trade; and (x) the plaintiff is debarred from suing or claiming the reliefs sought
E by his own conduct, for example, the plaintiff's trade is fraudulent, or his trademark is deceptive, or he is *guilty of estoppels, acquiescence, laches or abandonment of the mark*. (Emphasis added.) (See *Keep Good Feel Corp Sdn Bhd (previously known as Fasa Bebas Sdn Bhd) & Anor v Pharma World (M) Sdn Bhd & Ors* [2010] 1 MLJ 242.)

F

SECTION 45 OF THE TMA 1976

[45] Section 45 of the TMA 1976 application relates to a rectification and variation of the register. That application can only be made by an aggrieved
G person. Section 45 of the TMA 1976 reads as follows:

> Section 45 Rectification of the Register
>
> (1) Subject to the provisions of this Act:
>
> (a) the court may on the application in the prescribed manner of any
H person aggrieved by the non-insertion in or omission from the register of any entry or by any entry made in the register without sufficient cause or by any entry wrongfully remaining in the register, or by any error or defect in any entry in the register, make such order for making, expunging or varying such entry as if thinks fit;
>
I (b) the court may in any proceeding under this section decide any question that may be necessary or expedient to decide in connection with the rectification of the register;
>
> (c) in case of fraud in the registration, assignment or transmission of a registered trademark or if in his opinion it is in the public interest to

do so, the registrar may himself apply to the court under this section; and

(d) an order of the court rectifying the register shall direct that notice of the rectification be served on the registrar in the prescribed manner and the registrar shall upon receipt of the notice rectify the register accordingly.

[46] Section 45 relief, is a discretionary relief and cannot be claimed as of right when plausible defences as summarised by the learned author P Narayanan which are within the spirit and intent of s 40 of the TMA 1976 can be established by the defendant. Case laws which have not made out the distinction must be read with caution. Delay in making a s 45 application without explaining the delay may be fatal when the applicant's primary aim is alleged to protect his interest, ie to say he is an aggrieved person. It all depends on the facts and special circumstances of the case and when the competing interest emerged. The court is also vested with powers on appropriate applications of parties to *'vary' the trademark as it thinks fit. This provision is meant to be a 'win win' situation for genuine traders to eliminate confusion*. (Emphasis added.)

[47] There are a number of cases which attempts to demonstrate who may fall into the category of aggrieved persons. It also depends on the facts and circumstances of the case. For example, in *Prestige Housewares (India) Ltd v Pregtig* [2000] PTC 513 (Mad), the Indian Court has held that mere intention to use the same mark will not qualify a person as being aggrieved for the purpose of rectification. The courts in Malaysia have held that to be an aggrieved person, the applicant must have used his mark as a trademark or has a 'genuine and present intention' to use the mark as a trademark in the course of a trade, or one who has a legal interest or is being substantially affected by the presence of the registered trademark. The judgment of the Court of Appeal by Zaharah JCA (as Her Ladyship then was) in the case of *Liwayway Marketing Corporation v Oishi Group Public Company Limited* [2016] 1 LNS 400 is instructive (see *McLaren International Limited v Lim Yat Meen* [2009] 5 MLJ 741; [2009] 4 CLJ 749; *Lam Soon Edible Sdn Bhd v Hup Seng Perusahaan Makanan (M) Sdn Bhd* [2011] 7 MLJ 366; [2010] 5 CLJ 975; *LB (Lian Bee) Confectionery Sdn Bhd v QAF Ltd* [2012] 4 MLJ 20; [2012] 2 MLRA 211; *Oishi Group Public Co Ltd v Liwayway Marketing Corp* [2015] 9 MLJ 538; [2015] 2 MLRH 132).

[48] The courts in India had made a distinction in relation to a trader in India and one outside India. And the Indian Courts have held that if the applicants do not trade with India in respect of the goods concerned, they may not be considered as persons aggrieved (see *Wells Fargo Trade Mark* [1977] RPC 503). Learned author P Narayanan captures the point as follows:

The question whether the parties are trade rivals must be judged in the context of the business carried on in India by the applicants compared with the trade of manufacturing or dealing in the goods covered by the registration sought to be rectified. *Thus, if the applicants do not trade with India in respect of the goods concerned they may not be considered as persons aggrieved.* (Emphasis added.)

SECTIONS 14 AND 19 OF THE TMA 1976

[49] If the applicant establishes that he is an aggrieved person, then the court must look at the merits of the application. In the instant case, ss 14 and 19 which deal with prohibition of registration will be applicable. Section 14 is wider in application, in contrast to s 19. Section 14 of the TMA 1976 reads as follows:

Section 14 Prohibition on registration

(1) A mark or part of a mark shall not be registered as a trademark:

(a) if the use of which is likely to deceive or cause confusion to the public or would be contrary to law;

(b) if it contains or comprises any scandalous or offensive matter or would otherwise not be entitled to protection by any court of law;

(c) if it contains a matter which in the opinion of the registrar is or might be prejudicial to the interest or security of the nation;

(d) if it is identical with or so nearly resembles a mark which is well known in Malaysia for the same goods or services of another proprietor;

(e) if it is well known and registered in Malaysia for goods or services not the same as to those in respect of which registration is applied for:

(f) Provided that the use of the mark in relation to those goods or services would indicate a connection between those goods or services and the proprietor of the well known mark, and the interests of the proprietor of the well known mark are likely to be damaged by such use;

(g) if it contains or consists of a geographical indication with respect to goods not originating in the territory indicated, if use of the indication in the mark for such goods in Malaysia is of such a nature as to mislead the public as to the true place of origin of the goods; or

(h) if it is a mark for wines which contains or consists of a geographical indication identifying wines, or is a mark for spirits which contains or consists of a geographical indication identifying spirits, not originating in the place indicated by the geographical indication in question.

(2) Article 6 of the Paris Convention and Article 16 of the TRIPS Agreement

shall apply for the purpose of determining whether a trademark is a well known trademark.

Section 19 of the TMA 1976 reads as follows:

Section 19 Identical trademarks

(1) No trademark shall be registered in respect of any goods or description of goods:

(a) that is identical with a trademark belonging to a different proprietor and entered in the Register in respect of the same goods or description of goods or in respect of services that are closely related to those goods; or

(b) that so nearly resembles such a trademark as is likely to deceive or cause confusion.

(2) No trademark shall be registered in respect of any services or description of services:

(a) that is identical with a trademark belonging to a different proprietor and entered in the Register in respect of the same services or description of services or in respect of goods that are closely related to those services; or

(b) that so nearly resembles such a trademark as is likely to deceive or cause confusion.

(3) Where separate applications are made by different persons to be registered as proprietors respectively of trademarks which are identical or so nearly resembling each other as are likely to deceive or cause confusion and:

(a) such applications are in respect of the same goods or description of goods; or

(b) at least one of such applications is in respect of goods and the other or others is or are in respect of services closely related to those goods, the Registrar may refuse to register any of them until their rights have been determined by the court or have been settled by agreement in a manner approved by him or by the court.

(4) Where separate applications are made by different persons to be registered as proprietors respectively of trademarks which are identical or so nearly resembling each other as are likely to deceive or cause confusion and:

(a) such applications are in respect of the same services or description of services; or

(b) at least one of such applications is in respect of services and the other or others is or are in respect of goods closely related to those services, the registrar may refuse to register any of them until their rights have been determined by the court or have been settled by agreement in a manner approved by him or by the court.

[50] In dealing with s 14(1)(a), the Federal Court in *Yong Teng Hing b/s Hong Kong Trading Co & Anor v Walton International Ltd* [2012] 6 MLJ 609; [2012] 6 CLJ 37, inter alia, held as follows:

> [25] The objective and purpose of s 14(1)(a) of the Act is to protect the public and consumers from instances of confusion or deception as a result of the use of two similar marks. *Thus, under* s 14(1)(a) *of the Act, a mark shall be refused registration if use thereof is likely to deceive or cause confusion to the public notwithstanding that it is the result of use of an earlier identical or similar mark, whether registered or not in Malaysia and which is being used in relation to good or services which may be different from that sought to be registered*. (Emphasis added.)

[51] If the applicant is relying on s 14(1)(a), it is not sufficient to establish similarity of marks itself. The similarity must result in a likelihood of confusion or deception (see *Yong Teng Hing b/s Hong Kong Trading Co & Anor v Walton International Ltd* [2012] 6 MLJ 609; [2012] 6 CLJ 37; *Tohtonku Sdn Bhd v Superace (M) Sdn Bhd* [1992] 2 MLJ 63 and *Re Pianotist Co's Application* [1906] 23 RPC 774).

PIANOTIST TEST

[52] '*Pianotist* test' whether applied for purpose of s 14 or s 19 is one of common sense with much objectivity as well as flexibility anchoring on the type of customers and/or consumers as well. That is to say, customers objectively will not succumb to imitation products and/or its like when they are well informed and/or literacy level is high. In *Keep Good Feel Corp Sdn Bhd (previously known as Fasa Bebas Sdn Bhd) & Anor v Pharma World (M) Sdn Bhd & Ors* [2010] 1 MLJ 242, Hamid Sultan JC (as he then was) anchored this proposition and held on the facts of the case:

> 2. The increased literacy level of the Chinese community in Malaysia at the age group of purchasing gynaecological products such as those offered by the plaintiffs and defendants, was sufficient for them to identify and distinguish the plaintiffs' and defendants' product. As such there was no basis for the plaintiffs' complaint of passing off or cause of action for malicious falsehood and slander of goods or infringement of trademark by relying on old common law cases on passing off to initiate proceedings.

[53] On similar issues as in the instant case, the Court of Appeal in a lengthy judgment, in the Singapore case of *Staywell* dealt with issues such as strikingly similar, confusion and foreign business seeking to establish goodwill in Singapore. The contest was between an Australian company (*Staywell*) and an American related company (*Sheraton and Starwood*). The Australian company applied to register their trademarks 'PARK REGIS' which was widely used in Australia and New Zealand for hotel business but not in Singapore. The American company using the trademarks 'ST REGIS' was operating hotel business in many countries including Singapore. PARK REGIS trademarks'

was opposed by the American company. The registrar of trademarks took the view that the competing marks and services were similar and ruled that there was likelihood of confusion and refused registration. On appeal to the High Court, the court agreed that the competing marks sounded alike and conceptually may be similar, ruled that these marks will not cause confusion. The court went to differentiate the services of the parties and took note that *Staywell* was operating a 4-star business hotels and Starwood Group was operating a 6-star luxury hotels. On appeal to the Court of Appeal, the court ruled that there was sufficient likelihood of confusion by reason of the similarity of the competing marks and the relevant services and sustained the opposition. The lengthy case had been admirably summarised in the 'Legal Bulletin', May 2014 (Allen & Gledhill by Dr Stanley Lai SC; Vignesh Vaerhn) which we partly reproduced as follows:

> Decision below
>
> The principal assistant registrar ('the PAR') allowed part of the opposition, finding that the competing marks and the parties' services were similar, and that such similarity resulted in a likelihood that the public would be confused into thinking that the Park Regis Singapore was economically linked to the ST REGIS Singapore. The PAR also found that the ST REGIS mark was not 'well known to the public at large in Singapore' and that the opponents were unable to show that goodwill attached to the ST REGIS Singapore at the date of the application. The High Court disagreed that there would be a likelihood of confusion resulting from the similarity of the competing marks and the similarity of the parties' services and as a result, the applicant mark was allowed to proceed to registration. The opponents appealed. Staywell also appealed against the decision of the High Court judge ('the judge') on aural and conceptual similarity between the competing marks.
>
> Issues before the Court of Appeal
>
> The Court of Appeal identified the issues before it as whether the judge had erred in finding that the competing marks were aurally and conceptually similar, whether a likelihood of confusion arose from the similarity between the competing marks and the parties' services ('similarity and confusion grounds'), whether the use of the applicant mark in relation to hotel services was likely to damage the opponents' interest, and whether there was goodwill in the ST REGIS Singapore as at the date of the application ('interest and goodwill grounds').
>
> Aurel and conceptual similarity
>
> The Court of Appeal agreed with the step-by-step approach as applied in *The Polo/Lauren Co, LP v Shop in Department Store Pte Ltd* [2006] 2 SLR(R) 690. Under the step-by-step approach, the three requirements of similarity of marks, similarity of goods or services, and likelihood of confusion arising from the two similarities, are assessed systematically. The court here noted that the first two elements are assessed individually and the final element is assessed 'in the round'.
>
> The court noted that in relation to assessing marks as a whole, case law both in Singapore and elsewhere has stated that the 'visual, aural or conceptual similarity of

the marks in question, must be based on the overall impression given by the marks, bearing in mind, in particular, their distinctive and dominant components'.

Staywell argued that the judge had erred in considering the dominance of 'REGIS' because the opponents had never used or registered the component 'REGIS' alone. The Court of Appeal disagreed, stating that a component can be dominant even if it is part of the mark as whole and is not and has never been used on its own. The Court of Appeal agreed with the judge's finding that the marks had aural similarity, finding that there was a high degree of such similarity because of the distinctiveness of the common 'REGIS' component and that it stood out in the recollection of the consumer.

Unlike the aural analysis, which involves the utterance of the syllables without exploring the composite meaning embodied by the words, the conceptual analysis seeks to uncover the ideas that lie behind and inform the understanding of the mark as a whole. The court found that 'REGIS', with its connotation of royalty, was not a dominant component on a conceptual analysis but that there was a conceptual similarity between the marks based on the evocation of geographical places or locations. The prefix 'ST' has a saintly connotation but in Singapore is most commonly seen in names of places (roads, schools, condominiums) and the term 'Park' as used in the applicant mark can also refer to geographical locations.

The Court of Appeal therefore held that the marks had a fair degree of conceptual similarity.

The Court of Appeal disagreed with the judge's finding that the difference in hotel star rating between the parties was significant. Staywell's hotels are generally rated 4-star whereas the opponents' hotels are 6-star. The court found that this difference did not change the fact that they offer similar goods and services.

Likelihood of confusion

The Court of Appeal noted that the parties were offering products which were not qualitatively different. This, together with the findings of aural and conceptual similarity, led the court to conclude that it was not unlikely for the public to be induced by the similarity of the marks and the common industry in which they are used into believing that there is at least some economic link between the ST. REGIS Singapore and the Park Regis Singapore. This was especially so as it is common for large hotel chains to operate differently branded hotels carrying different logos, united only by the use of a common denominator in their names, such as 'Regis'.

The court found that there was a sufficient likelihood of confusion due to the above.

The court also took the opportunity to confirm that the doctrine of 'initial interest confusion' is not part of Singapore law. This doctrine refers to confusion which arises initially but which would have been dispelled by the time of the purchase — such confusion may or may not lead to the consumer purchasing the good. The court held that this is not currently part of Singapore law and nor should it be as it would be inconsistent with Singapore's statutory scheme and objectives.

Interest and goodwill grounds

Damage to opponents' interest

The opponents argued that there was likelihood of damage to their interests as it would limit or preclude their ability to expand into the 4-star hotel market in Singapore. The High Court judge had agreed with Staywell, finding that there was no basis for finding that the opponents' as yet non-existent expansion plans were likely to be prejudiced. The Court of Appeal disagreed, noting that where the field in which the defendant or applicant operates is in close proximity to, or is a natural extension of, the incumbent's business, damage in the form of a restriction of business expansion opportunities will more readily be inferred.

Goodwill and passing off

The High Court judge refused the opposition on the basis of passing off. A mark may be refused registration because its use would result in liability for the tort of passing off. To demonstrate passing off, goodwill, misrepresentation and damage must be proven. In Singapore, it has been well-established that such goodwill must exist in Singapore as at the date of the application for the registration of the later mark.

In this case, Staywell had filed its application for registration of the applicant mark one month prior to the opponents' ST. REGIS hotel opening in Singapore. A month after the opponents' hotel had opened, the application was accepted and published for opposition purposes. Staywell's hotel, the Park Regis Singapore, only opened for business two and a half years after the application filing.

The opponents argued that the activity conducted prior to the official opening of the ST REGIS Singapore constituted relevant pre-trading activity whereas Staywell contended that they were 'mere preparations to trade'. The Court of Appeal disagreed with Staywell, noting that pre-trading activity need not be revenue-generating and this is consistent with goodwill which is not focused on the income of the trader per se but the response of the consumer. The pre-trading business or pre-business activities should unequivocally evince the intention of the trader to enter into the Singapore market. To show goodwill, the pre-business activities should also generate an attractive force that will bring in custom when the business eventually materialises.

The Court of Appeal found that the opponents' securing of restaurant tenants and hiring of employees did not constitute relevant pre-trading activities because such activities did not inform and attract the public to consume the opponents' hotel and dining services. The opponents' advertisements promoting the ST REGIS brand in general and the opening of the ST REGIS hotel in particular were also found, on their facts, to be insufficient to generate an attractive force that would bring in custom in Singapore at the date of the application.

The opponents also argued that there was goodwill in the ST REGIS hotel in Singapore prior to its launch by virtue of the international reputation of the ST REGIS brand, coupled with the presence of Singapore customers who had used ST REGIS hotels abroad. The Court of Appeal considered the position in a variety of jurisdictions, noting that for instance in the United Kingdom a foreign trader can claim goodwill only when he has customers in the country and bookings for its services made within the country. The opponents were unable to prove that the room bookings for the ST. REGIS hotels abroad had originated in Singapore thus

generating goodwill in the opponents' mark in Singapore.

Judgment

The Court of Appeal, whilst not accepting that the tort of passing off had been committed, allowed the opponents' appeal on the basis of similarity of the marks and the goods and services provided, all of which were likely to cause confusion.

[54] The instant case has many issues which were similar to *Staywell* case save that the Singapore decision was related to an opposition proceeding and the present appeal relates to a s 45 proceeding, where the court is given wide discretion to allow or permit competing interest to continue to co-exist if necessary by directing variations, etc. What is an important consideration under s 45 is for the court to make a just decision taking a holistic approach with full appreciation of ss 20, 25, 35 and 44 of the TMA 1976. As said earlier, the scheme of TMA is not to give monopoly to trader but in respect of competing interest not to dilute the registered trademarks of the first user and/or his goodwill (genuine trader not tort feasor) and where permissible under the Act to sustain registration of competing interest by varying such entry as the court think fit. Sections 20, 25, 35, 44 and 45 advocates an inclusive approach but the discretion must be exercised judicially and where variation is ordered by the High Court, proper direction may also need to be given to the parties as well as the registrar of trademarks to comply with procedural steps in relation to the varied mark to be advertised to ensure that third parties' right are not affected by the said variation.

[55] In *Auvi Pte Ltd v Seah Siew Tee and another* [1991] 2 SLR(R) 786, a copy right holder of AUVI logo had applied to expunge the respondents AUVI mark which had been registered. Once the applicant became aware of the registration, they promptly applied to expunge the trademark. The respondents counsel submitted that the court was not obliged to expunge the mark and it had the power to make such variation to the registered mark as it deemed fit and urged the court to exercise its discretion and vary the mark to consist simply of the four letter 'AUVI', ie a work mark. On the facts, it was established that the respondents were infringers, ie tortfeasors and not a genuine trader as the credibility of the respondents conduct was seen in the negative. The court refused to entertain a variation request. Chao Hick Tin J (as His Lordship then was) had this to say:

> 70. To vary a mark from a device mark to a word mark would involve a change which substantially affects the identity of the mark. The appearance would clearly be different. It would amount to allowing a new mark to be entered on the register without giving third parties a chance to oppose. I am not prepared to let the respondents have the exclusive right to use the four letters, AUVI, without requiring them to go through the normal process. In any event, in the light of what I have said above, the respondents have not even made out a case for the court to exercise its discretion in their favour.

[56] In our view, the 'customer' or 'consumer' approach can be the most decisive factor to decide on issues related to deception or confusion, in considering the provision of s 14 and/or s 19 of the TMA 1976. TMA 1976 in essence, is not an Act intended to give monopoly for a particular trader. Section 14 and/or s 19 is aimed at arresting deception or confusion among the public to the advantage of a tort feasor (and/or even a genuine trader from overseas) attempting to legitimise his trademark to the disadvantage of another lawful user already in place. As said earlier, our ss 20, 25, 35, 44 and 45 may allow two competing traders to register or sustain its registered trademark with suitable variations to eliminate confusion. It can be safely said that the policy of the Malaysian Trade Marks Act is to accommodate registration albeit where necessary with modification or variation of the competing trademarks strictly within the parameters of the Act. In dealing with s 57 of the Indian Trade Marks Act, which is similar to our s 45, P Narayanan observes:

> The phrase 'the tribunal may make such order as it may think fit' in s 57 clearly shows that the exercise of the jurisdiction under the section is discretionary. This jurisdiction arises only after establishing the following facts required under the section:
>
> (1) that the applicant is a person aggrieved; and
>
> (2) that the registered proprietor has contravened or failed to observe a condition entered on the register; or
>
> (3) that the entry was made without sufficient cause; or
>
> (4) that the entry wrongly remains on the register; or
>
> (5) that there is an error or defect in the entry.
>
> When facts (1) and (2) are established, the tribunal may make such order as it may think fit for cancelling or varying the registration of the trademark. When facts (1) and any of the facts (3), (4) or (5) are established the tribunal may make such order for making, expunging or varying the entry as it may think fit. In either case the tribunal has a discretion to rectify or not to rectify.

[57] We have read the appeal record and the detailed submission of the learned counsel. After much consideration to the submission of the respondent, we take the view that the appeal must be allowed. Our reasons, inter alia, are as follows:

(a) in the instant case, the Saudi company has not satisfied the threshold requirement of an aggrieved person. Who is an aggrieved person is a question fact. In the instant case, the respondent is a Saudi company who had never operated any business in relation to the trademarks in issue in Malaysia;

(b) taking a common sense approach, there could not be a confusion of the Saudi company goods or services in Malaysia for any reasonable tribunal

probably appraised with the facts of the case as well as the wealth of jurisprudence in this area of law which we have partly set out earlier to come to a conclusion that 'he is an aggrieved person', entitled to the relief. It must be stated here, to qualify as an aggrieved person to have locus to file the action requires only a low threshold for the applicant to demonstrate. However, to obtain the reliefs, the threshold is high within the spirit and intent of the TMA 1976 and case laws. This distinction must be kept in mind;

(c) there is merit in the Egyptian company's assertion based on the fact that it was trading using its trademarks in Malaysia for considerable time as opposed to the Saudi company to say that it has acquired distinctive goodwill and reputation in its mark in Malaysia. We do not think the issue of confusion will at all arise in relation to Malaysian public when the Saudi company was not trading in Malaysia. In consequence, it is unnecessary to decide on this issue, save to say if the Saudi company is allowed to trade as per the trademarks confusion will arise to the detriment of the Egyptian company as the Saudi company's trademarks will be caught by three concepts which we had stated earlier, to conclude a case for 'confusion';

(d) in addition, the affidavit in reply of the Egyptian company raises a number of defences which will deny the Saudi company's application. These defences have been set out earlier, citing the learned author P Narayanan. The facts here are obvious and we do not think it is necessary to set out the relevant defences that the Egyptian company had established. The issues such as goodwill or passing off, will be irrelevant to the facts of this case taking into consideration that the Saudi company was not trading in Malaysia. If anyone has acquired goodwill and reputation in Malaysia, it is more likely to be the Egyptian company. The issue of bad faith was also not made out in this case; and

(e) further, the Saudi company, notwithstanding the fact that they have registered their trademarks as early as 1987, they have failed to take any action promptly against the appellant, thereby the concept such as 'guilty of estoppels, acquiescence, laches or abandon of the mark' as advocated by learned author P Narayanan above will kick in. In consequence, the trial court ought to have dismissed the Saudi company's application under s 45 of the TMA 1976 at limine or should have upon the application of the relevant party entertained an application to vary to avoid confusion, if it is just to do so.

EN PASSANT

[58] Variation in cases related to genuine traders (not tortfeasors) may have been a just option in this case but parties have not resorted to it. For example,

adding a prefix (as underlined) Saudi ALBAIK or Egyptian AL BAIK may have resolved the issue of confusion and allowed both parties to trade with the variation and with direction for appropriate registration procedure through the trademark registry. The approach is one related to common sense but was not resorted to, despite the fact that the Act paves way for such variation (see *AUVI* case). The fact that one mark is expunged is also a loss of revenue for the government.

[59] For reasons stated above, we will allow the appellant's (Egyptian company) appeal in Suit No 401 with costs of RM10,000 subject to allocatur. The order of the High Court is to be set aside. Deposit is to be refunded. We hereby order so.

APPEAL NO '1653'

[60] This appeal is related to the facts of the above case. In Appeal No '401', it is not in dispute that the Saudi company did not use its trademarks in Malaysia to operate its business. As a result of non-use the Egyptian company had filed the application under s 46 of the TMA 1976 to remove the Saudi company's trademarks and was allowed by the learned trial judge.

[61] It must be said here that when there is an application under ss 45 and 46 between two competing claim in respect of identical trademarks, it will be prudent exercise of courts discretion to hear s 46 application first. In the event where s 46 application is allowed, then the s 45 application may become academic. In this case, we have a situation that the decision of the High Court by allowing a s 45 application by the Saudi company and a s 46 application by the Egyptian company had led to, both the Saudi and the Egyptian companies' trademarks being not protected under the Trade Marks Act 1976.

[62] The Egyptian company had made the application pursuant to s 46(1)(a) and/or (b) of the TMA 1976 on the grounds of non-use of 'ALBAIK' trademark. The orders sought were for the Saudi company's trademarks to be removed and/or cancelled from the trademarks registry, namely:

(a) trademark registration No 97017036 for 'Chicken device' in Class 29 filed on 25 November 1997;

(b) trademark registration No 97020468 for 'Chicken device' in Class 43 filed on 1 December 1997;

(c) trademark registration No 97020470 for 'ELBAIK device' in Class 43 filed on 1 December 1997;

(d) trademark registration No 08005624 for 'ELBAIK device' in Class 30 filed on 24 March 2008;

A (e) trademark registration No 08005628 for 'ALBAIK and Chicken device' in Class 43 filed on 24 March 2008;

(f) trademark registration No 08005626 for 'Chicken device' in Class 30 filed on 24 March 2008;

B (g) trademark registration No 08005629 for 'ALBAIK and Chicken device' in Class 43 filed on 24 March 2008; and

(h) trademark registration No 08005631 for 'ALBAIK stylised device' in Class 16 filed on 10 October 2013.

C The learned trial judge allowed the Egyptian company's application and hence this appeal.

[63] The memorandum of appeal of the Saudi company reads as follows:

D (1) The Learned High Court Judge erred in law and fact by granting the order in paragraph 1 of the High Court Order dated 7/9/2015 even though the Respondent did not apply and did not plead for the said order in the original Originating Summons dated 8/12/2015 (Bahasa Malaysia formal version) and in so doing the Learned High Court Judge has made a E decision on a matter not pleaded.

(2) The Learned High Court Judge erred in law and fact by holding that the Respondent is an aggrieved person under section 46(1) of the Trade Marks Act 1976 and in so doing the High Court failed to appreciate that the Respondent is not an aggrieved person and/or has no legal rights as an F aggrieved person and/or is not the legal aggrieved person by virtue of the *in bonam partem* and *ex turpi causa non oritur actio* principles.

(3) The Learned High Court Judge erred in law and fact by deciding that the Respondent is an aggrieved person under section 46(1) of the Trade Marks Act 1976 and in so doing failed to appreciate that (i) the Respondent uses G a trademark which is identical to or so nearly resembling the Appellant's earlier registered trademarks as is likely to deceive or cause confusion and this matter was affirmed by the decision of the High Court itself in Suit No 24IP-17–04/2014, (ii) the Respondent uses the Respondent's trademarks in question through a franchise system where the said franchise, the Respondent's franchisees and the Respondent itself as the H franchisor are not registered under the Franchise Act 1998 and therefore the Respondent and its franchisees has committed criminal offences under the Franchise Act 1998 and the Respondent's said use of the Respondent's said trademarks are illegal, and (iii) the Respondent has no locus standi, is not entitled to gain any benefit from its said illegal use and the Respondent I cannot therefore be a person aggrieved under section 46(1) of the Trade Marks Act 1976.

(4) The Learned High Court Judge erred in law and fact by holding that the Respondent's trademarks No 05013291 and 05013292 which were expunged in Suit No 24IP-17–04/2014 on the 5/2/2015 by the same

High Court are Certification Trademarks under section 56(3) of the Trade Marks Act 1976 where the said Section gives the Respondent the exclusive right to use the Respondent's said trademarks as a Certification Trademark even though the Respondent's said 2 trademarks are Not Certification Trademarks under Section 56 of the Trade Marks Act 1976 and section 56(3) of the Trade Marks Act 1976 is not applicable in the present case.

(5) The Learned High Court Judge erred in law and fact by deciding that the High Court decision dated 5/2/2015 in Suit No 24IP-17–04/2014 which expunged the trademark entries No 05013291 and 05013292 used by the Respondent and which is identical to or so nearly resembling the Appellant's earlier registered trademarks as is likely to deceive or cause confusion has no effect in the present case because when this action was filed in the High Court on the 8/12/2014 (which was later heard on the 4/8/2015) the Respondent has rights as a registered trademark proprietor under section 56(3) of the Trade Marks Act 1976 to use the Respondent's said trademarks even though the Expungement Order made by the High Court in Suit No. 24IP-17–04/2014 on the 5/2/2015 has the effect that the Respondent's said registered trademarks nos. 05013291 and 05013292 has not been registered on its application/registration date or as if both the said trademark registrations has never been registered on its application/registration date namely on the 9/8/2005.

(6) The Learned High Court Judge erred in law and fact by deciding that there is no use of the Appellant's said registered trademarks under Section 46(1)(a)/(b) of the Trade Marks Act 1976 and in so doing failed to appreciate that the Appellant (i) has use of the Appellant's said trademarks as there are references to the use of a printed or other visual representation of the mark under Section 3(2)(a) of the Trade Marks Act 1976, and/or (ii) has use of the Appellant's said trademarks as there are references to the use thereof upon or in physical relation to the goods under Section 3(2)(b) of the Trade Marks Act 1976, and/or (in) has use of the Appellant's said trademarks in other relation to the goods under Section 3(2)(b) of the Trade Marks Act 1976, and/or (iv) has use of the Appellant's said trademarks in relation to the services namely there are references to the use of the Appellant's said trademarks thereof as a statement or as part of a statement about the availability or performance of services under Section 3(2)(c) of the Trade Marks Act 1976.

(7) The Learned High Court Judge erred in law and fact by deciding that there is no use of the Appellant's said trademarks under Section 46(1)(a)/(b) of the Trade Marks Act 1976 and in so doing failed to consider that the Appellant has use of the Appellant's said trademarks where Malaysians know and/or are aware and conscious that the Appellant's trademarks are used in relation to the goods (food] and services (restaurant) and thereby the Appellant's trademarks preserve the essential function of a trademark.

(8) The Learned High Court Judge erred in law and fact by deciding that there is no use of the Appellant's concerned trademarks under Section 46(1)(a)/(b) of the Trade Marks Act 1976 and in so doing failed to

appreciate that the Appellant has use of the Appellant's said trademarks in places where Malaysian visits such as for their Hajj pilgrimage or has visited, and/or even though the Appellant has the relevant goodwill and reputation in Malaysia and/or amongst Malaysians.

(9) The Learned High Court Judge erred in law and facts when it decided that there the use of a trademark is limited to or requires the use of a trademark upon the goods even though section 3(2) of the Trade Marks Act 1976 allows the use of a trademark to consist of use of a trademark in other relation to the goods such as through advertisement, notice, document or by any other way or other relation which is not limited to the physical goods.

(10) The Learned High Court Judge erred in law and fact by deciding that there is no use of the Appellant's trademarks under Section 46(1)(a)/(b) of the Trade Marks Act 1976 and in so doing failed to consider that the Appellant's trademarks has been communicated to Malaysians as a trademark.

(11) The Learned High Court Judge erred in law and fact by deciding that there is no use of the Appellant's trademarks under Section 46(1)(a)/(b) of the Trade Marks Act 1976 even though Malaysians know that the Appellant's trademarks are trademarks and are trademarks of the Appellant.

(12) The Learned High Court Judge erred in law and facts by deciding that there is no use of the Appellant's trademarks under Section 46(1)(a)/(b) of the Trade Marks Act 1976 and in so doing failed to consider that the reason, objective and requirement for use of a trademark under the Trade Marks Act 1976 is merely to act as a notice or to give notice to the people that the trademark in question is a Trademark and in the present case the Appellant has given notice that the Appellant's trademarks in question is a trademark and is the Appellant's trademarks.

(13) The Learned High Court Judge erred in law and facts by deciding that there is no use of the Appellant's trademarks in question under Section 46(1)(a)/(b) of the Trade Marks Act 1976 even though the Appellant has advertised or place an advertisement notice in The Star newspaper on the 11/8/2014 (about 4 months before the Respondent filed the action in the High Court on the 8/12/2014) and even though the High Court itself admitted that a use of a trademark would include use through other relations such as through documents, invoice or advertisement or catalogue or circular.

(14) The Learned High Court Judge erred in law and facts by deciding that there is no use of the Appellant's trademarks in question under Section 46(l)(a)/(b) of the Trade Marks Act 1976 even though the Appellant's trademarks in question are Well-Known trademarks and as decided by the High Court in Suit No 24IP-17–04/2014 and/or as acknowledged by the Respondent's own franchisees in Malaysia.

(15) The Learned High Court Judge erred in law and on the facts by allowing the revocation of the Appellant's trademarks in question under section 46(1) of the Trade Marks Act 1976 even though the said relief is a discretionary relief and the circumstances of this case does not warrant or demand the granting of the said revocation relief under section 46(1) of the Trade Marks Act 1976 and the Learned High Court Judge in so granting the revocation relief has exercised its discretion incorrectly.

(16) The Learned High Court Judge erred in law and facts by deciding that the Respondent is an aggrieved person and there is no use of the Appellant's trademarks in question under Section 46(1)(a)/(b) of the Trade Marks Act 1976 and in so doing the Learned High Court Judge has made a wrong appreciation of the evidence, facts and law in the action.

JURISPRUDENCE RELATING TO S 46 OF THE TMA 1976 APPLICATION

[64] Section 45 application relates to expunging of a registered trademark on the basis it was entered without sufficient cause while s 46 application is related to removal of a registered trademark on the grounds of non-use. Both sections require the applicant to be an aggrieved person. The said s 46 of the TMA 1976 reads as follows:

Section 46 Provisions as to non-use of trademark

(1) Subject to this section and to Section 57, the Court may, on application by a person aggrieved, order a trademark to be removed from the Register in respect of any of the goods or services in respect of which it is registered on the ground:

(a) that the trademark was registered without an intention in good faith, on the part of the applicant for registration or, if it was registered under sub-section 26(1), on the part of the body corporate or registered user concerned, to use the trademark in relation to those goods or services and that there has in fact been no use in good faith of the trademark in relation to those goods or services by the registered proprietor or registered user of the trademark for the time being up to the date one month before the date of the application; or

(b) that up to one month before the date of the application a continuous period of not less than three years had elapsed during which the trademark was a registered trademark and during which there was no use in good faith of the trademark in relation to those goods or services by the registered proprietor or registered user of the trademark for the time being.

(2) Except where an applicant has been permitted under Section 20 to register an identical or a nearly resembling trademark in respect of the goods or services to which the application relates or the Court is of the opinion that the applicant can properly be permitted to register the trademark, the Court may refuse an application made under subsection (1):

A (a) in relation to any goods, if there has been, before the relevant date or during the relevant period, as the case may be, use in good faith of the trademark by the registered proprietor of the trademark for the time being in relation to goods of the same description, being goods in respect of which the trademark is registered; and

B (b) in relation to any services, if there has been, before the relevant date or during the relevant period, as the case may be, use in good faith of the trademark by the registered proprietor of the trademark for the time being in relation to services of the same description, being services in respect of which the trademark is registered.

C (3) Where in relation to goods in respect of which a trademark is registered:

(a) the matter referred to in paragraph (1)(b) are shown as far as regards failure to use the trademark in relation to goods to be sold or otherwise traded in in a particular place in Malaysia (otherwise than for export from Malaysia) or in relation to goods to be exported to a particular market outside D Malaysia; and

(b) a person has been permitted under Section 20 to register an identical or nearly resembling trademark in respect of those goods under a registration extending to the use in relation to goods to be sold or otherwise traded in in that place (otherwise than for export from Malaysia) or in relation to E goods to be exported to that market, or the Court is of the opinion that that person might properly be permitted to register the trademark, the Court may, on application by that person, direct that the registration of the first mentioned trademark shall be subject to such conditions, amendments, modifications or limitations as the Court thinks proper for F securing that that registration shall cease to extend to use of the trademark in relation to goods to be sold or otherwise traded in that place (otherwise than for export from Malaysia) or in relation to goods to be exported to that market.

(3A) Where in relation to services in respect of which a trademark is registered:

G (a) the matters referred to in paragraph (1)(b) are shown as far as regards failure to use the trademark in relation to services provided in a particular place in Malaysia; and

(b) a person has been permitted under Section 20 to register an identical or a H nearly resembling trademark in respect of those services under a registration extending to the use in relation to services provided in that place, or the Court is of the opinion that that person might properly be permitted to register the trademark, the Court may, on application by that person, direct that the registration of the first mentioned trademark shall be subject to such conditions, amendments, modifications or limitations I as the Court thinks proper for securing that that registration shall cease to extend to use of the trademark in relation to services provided in that place.

(4) An applicant is not entitled to rely for the purpose of paragraph (1)(b) or for the purpose of subsection (3) or (3A) on any failure to use a trademark if failure is shown

to have been due to special circumstances in the trade and not to an intention not to use or to abandon the trademark in relation to the goods to which the application relates.

[65] The removal of the trademark may be ordered if the registration had been made without an intention to use or the non-use was for a continuous period of three years. Section 46 of the TMA 1976 is similar to s 47 of the Indian Trade Marks Act 1999. P Narayanan at p 489 of the book says:

> Where it is shown that the non-user is due to special circumstances in the trade and not to any intention to abandon or not to use the mark, rectification will not be ordered.

And at p 495 says:

> For removal of a mark on the ground of non-use the following facts must be first established:
>
> (1) that the applicant is a person aggrieved; and
>
> (2) that in relation to the goods or services in question the trademark was registered without any bona fide intention to use, by the applicant for registration or the company referred to in s 46, or the registered user as the case may be, and that there has in fact been no bona fide use of the mark in relation to those goods or services up to a date three months prior to the date of application; or
>
> (3) that for a continuous period of at least five years prior to three months before the date of application and the date on which the trademark is actually entered in the register during which the trademark was on the register, there was no bona fide use of the mark in relation to the goods or services.

In respect of bona fide intention to use, P Narayanan at pp 497 and 498 says:

> In order to bring the case within the scope of s 47(1)(a) it must be shown that the mark was registered without any bona fide intention on the part of the applicant for registration to use it by himself or by the company referred to in the clause or by a proposed registered user. Want of intention to use may be inferred from non-use. But in applying s 47(1)(a), evidence of circumstances other than non-use may be necessary to establish that there was no intention to use. (See *Ramsay's TM* [1911] 28 RPC 497 at 508).
>
> The fact that the trademark was thought to be something which some day might be useful would not amount to any definite and present intention at the time of registration to use that mark. The intention to use the mark must exist at the date of application for registration and such intention must be genuine and bona fide. 'Bona fide intention on the part of the applicant for registration' in s 47(1)(a) would mean at the date when such applicant makes his application for registration. (See Dristan case AIR 1986 SC 137 para 39).
>
> The trademark 'Palm' was registered in respect of prepared meals in class 29. When it was cited against an application for registration of 'Palms' as a service mark in class

A 42 in respect of hotels, restaurants, bars and inns the applicant for registration moved for rectification of the registered mark on the ground of non-use. The registered proprietors were the owners of a chain of restaurants in the USA and they had never sold prepared meals under their mark. On the date of application for registration there was no provision for registration of service mark in UK. Accordingly the applicant could not have an intention to use 'Palm' as a trademark which in fact could not even be considered as a trademark. Rectification ordered. (*Palm TM* [1992] RPC 258 (TMR)).

...

Whether or not a party has bona fide intention to use the trademark as registered must be established as a fact on the material placed on the record. It is not possible to infer it as a matter of law merely from the use of the registered trademark by the party with an alteration in breach of the conditions of registration. If a condition of registration is broken it may be open to the Registrar to remove the mark for this or any other reason, but not on the ground that the party never had the intention to use the registered trademark.

GROUNDS OF APPLICATION BY THE EGYPTIAN COMPANY

[66] The grounds relied upon was (i) respondent (Egyptian company) is an aggrieved person; (ii) Saudi company has registered the marks in bad faith; (iii) Saudi company did not use 'ALBAIK' trademarks which were registered in Malaysia contrary to s 46(1)(a) of the TMA 1976; (iv) the mark were not used for continuous period of not less than three years plus one month in relation to the registered goods or services.

THE SAUDI COMPANY'S CONTENTION

[67] The argument was anchored as follows: (i) Saudi company is the rightful owner of the trademarks in Malaysia; (ii) Egyptian company is wrongfully riding on the appellant's goodwill and reputation; (iii) the Saudi company has used its trademarks in good faith in Malaysia with the relevant and/or material period; (iv) the Egyptian company is not an aggrieved person.

[68] There were some preliminary procedural objections taken by the Saudi company in respect of the Egyptian company's originating summons. The learned trial judge had dismissed the preliminary objections and heard the case on merit. In the instant case, we do not wish to dwell with the preliminary objection as we take the view that the judge was correct in hearing the merits of the case.

[69] The learned trial judge had written 22 pages judgment and had set out the facts in an articulate manner. The brief reasons for the judgment had been captured in the notes of proceedings as follows:

[1] This is the plaintiff's application under s 46 of the TMA 1976 to expunge and remove the various trademarks registered in the defendant's name in various classes.

[2] To succeed in its application, the plaintiff must show that it is an aggrieved party and that there has been non-use of the said marks by the defendant for a continuous period of three years up to one month before this application.

[3] Having perused the affidavits of the plaintiff, I am satisfied that the plaintiff is an aggrieved party as the plaintiff, at the time of filing this application, was the registered owner of trademarks bearing similar marks to that of the defendant and have been using the trademark in many jurisdictions, including Malaysia.

[4] On the issue of non-use, it is not in dispute that the defendant do not have physical use of their registered marks during the relevant period of three years, between 8 November 2011–8 November 2014.

[5] However, it is the contention of the defendant that the word use must be interpreted liberally and that the fact that many Malaysians are aware of the defendant's marks in Saudi Arabia can be considered as use of the mark.

[6] However, I am not prepared to extend the meaning of 'use' liberally and that I of the considered opinion that 'use' in the context of the TMA 1976 must be a genuine physical use of the marks in Malaysia.

[7] Therefore, since there is no genuine physical use of the marks in the relevant period, the application is allowed with costs of RM20,000.

[70] It is interesting to note that the learned trial judge for Appeal No '401' on Saudi company's trademarks took the position that:

[25] Even though there is no evidence of actual use of the plaintiff's mark in Malaysia, from the affidavits before me, I am of the considered opinion that the plaintiff's marks, which had been registered since 1987 in Saudi Arabia and in other countries is a well known mark amongst those who have visited Saudi Arabia and the holy land, Mecca. Pilgrims from Malaysia would invariably connect the 'AL BAIK' trademark with the Plaintiff, the owner based in Saudi Arabia.

[26] Therefore, for the first defendant to register an almost identical trademark, bearing 'AL BAIK' with the smiling chicken device is likely to cause confusion to the public and this contravenes s 14(1)(a) of the TMA 1976.

[71] However, on the same issue of Saudi company's trademarks in the instant case ruled that:

[5] However, it is the contention of the defendant that the word use must be interpreted liberally and that the fact that many Malaysians are aware of the defendant's marks in Saudi Arabia can be considered as use of the mark.

[6] However, I am not prepared to extend the meaning of 'use' liberally and that I of

the considered opinion that 'use' in the context of the TMA 1976 must be a *genuine physical use of the marks in Malaysia*. (Emphasis added.)

[72] We have read the appeal records and the able submissions of the parties. After giving much consideration to the submission of the learned counsel for the Saudi company, we take the view that the appeal must be dismissed. Our reasons, inter alia, are as follows:

(a) in the instant case, the Egyptian company has registered its trademarks not only in Malaysia but also other countries and is operating businesses in Malaysia using the trademarks. The same cannot be said in respect of the Saudi company. The term 'aggrieved person' relates to finding of facts, to provide locus to maintain the action. The decisions of the courts do not require a high threshold to establish at the first instance that the Egyptian company is an aggrieved person. Being finding of facts on this issue, the appellate court will be slow to interfere with the findings of the trial court on this issue. The Federal Court's decision of *McLaren International Limited v Lim Yat Meen* [2009] 5 MLJ 741; [2009] 4 CLJ 749 though relates to s 45 will equally apply to s 46 of the TMA 1976 to satisfy the threshold requirement relating to an aggrieved person. In essence, the applicant is required to prove that he has used his marks as a trademarks or has a genuine and present intention to use his mark as a trademark in the course of a trade which is similar to the trade of the owner of the registered trademark. In *McLaren*, the Federal Court cited with approval the decision in *Re Arnold D Palmer in the matter of Trade Mark Registration No 63249* [1987] 2 MLJ 681 where the Singapore High Court held that in order to qualify as a person aggrieved in rectification proceedings, a person must have used his mark as a trademark or have a genuine and present intention to use his mark as a trademark in the course of a trade, which is similar to the trade of the owner of the registered trademark which he seeks to expunge from the register;

(b) applying the *Mclaren*'s test, the Egyptian company is already using its trademark and is attempting to remove a similar trademark which the learned trial judge had taken cognisance to say that the Egyptian company is indeed an aggrieved person. We take the view that the approach taken by the learned judge is methodologically and jurisprudentially correct. The Federal Court in *Mesuma Sports Sdn Bhd v Majlis Sukan Negara Malaysia (Pendaftar Cap Dagangan Malaysia, interested party)* [2015] 6 MLJ 465 at p 476; [2015] 9 CLJ 125 held at p 139:

> [28] A person aggrieved is a person who has used his mark as a trademark or who has a genuine and present intention to use his mark as a trademark in the course of a trade which is the same as or similar to the registered trademark

that the person wants to be removed from the register. The person must be someone who has some element of legal interest, right or legitimate expectation in its own mark which is being substantially affected by the presence of the registered mark. The interest or right must be legal or lawful.

(c) we also note that the Saudi company has failed to show that it has used the marks or has genuine and present intention to use the marks in the course of trade in Malaysia, taking into consideration that the relevant marks were registered as early as 1997 as well as 2008. We must also say, use of trademarks in relation to goods must necessarily mean use on or in relation to the goods (see *Godrej Sara Lee Ltd v Siah Teong Teck & Anor (Part 2)* [2007] 7 MLJ 164; [2008] 7 CLJ 24). The long delay supports the case for 'non-user' (see *Imperial Group Plc & Another v Philip Morris Limited & Another* [1984] RPC 293 and *Woolly Bull Enterprises Pte Ltd v Reynolds* [2001] FCA 261);

(d) the Saudi company's argument is that the Egyptian company having infringed the intellectual property of the Saudi company cannot be classified as an aggrieved person under the principles of construction relating to 'in bonam partem'. 'Bonam partem' literally means in good sense and 'malam partem' means in a bad sense. The construction in bonam partem was explained in the case of *LB (Lian Bee) Confectionery Sdn Bhd v QAF Ltd* [2012] 4 MLJ 20; [2012] 2 MLRA 211, to say that an infringer of the Act could not be an aggrieved person. The Federal Court, inter alia, observed:

> We are in agreement with the learned judge's findings that as an infringer and as to what may be regarded as a 'policy' ground, the appellant cannot be regarded as a 'person aggrieved' for the purposes of s 46(1) of the TMA. There is a juristic support for this 'policy' approach by the leaned judge which was upheld by the Court of Appeal. As a matter of statutory interpretation, the courts have long applied the principle of construction in bonam partem. On this point a useful reference can be made to *Bennion on Statutory Interpretation*, 5th Ed, Lexis Nexis, 2005 at p 792 wherein a passage is reproduced as follows:
>
> > Construction in bonam partem. In pursuance of the principle that law should serve the public interest, the courts have evolved the important technique known as construction in bonam partem (in good faith). If a statutory benefit is given on a specified condition being satisfied, *it is presumed that Parliament intended the benefit to operate only where the required act is performed in a lawful manner. Construction in bonam partem is related to three specific legal principles. The first is that a person should not benefit from his own wrong.* Next is the principle allegans suam turpitudinem non est audiendus. *If a person had to prove an unlawful act in order to claim the statutory benefit this maxim would preclude him from succeeding.* The third related principle is stated by Coke in the words ubi quid generaliter conceditur inest haec exceptio si non aliquid sit contra jus fasque *(where a grant is in general terms there is always an implied provision*

that it shall not include anything which is unlawful or immoral). (Emphasis added.)

In accordance with the principle of construction in bonam partem, it is noted that the learned trial judge had found that the appellant had been infringing the Registered trademark 'Squiggles' since 2001. The registered trademark 'Squiggles' was registered on 20 August 2004. Until its expungement, the registered trademark remains a registered trademark. In this case, even before the application for expungement, the appellant had unlawfully been using the Infringing Mark 'Squiggle' which is confusingly similar to the Registered trademark. Applying the principle of construction in bonam partem, the appellant cannot be regarded as being a bona fide 'person aggrieved' or a person who is lawfully aggrieved for the purposes of s 46(1) of the TMA. Furthermore, if the appellant is to be regarded as a 'person aggrieved' for the purposes of s 46(1) of the TMA, it would mean that all infringers may apply to expunge the very trademark they have been infringing and this would be contrary to the time honoured principle of not allowing them to benefit from their very own wrong or unlawful act.

(e) we do not think on the facts of the case *in bonam partem* principle will apply when the Egyptian company was using its registered trademarks in Malaysia in its trading activities and the Saudi company was not doing so in Malaysia; and

(f) taking a holistic view of the facts of the case and the fact that the Saudi company had not used its trademarks for purpose of trade at all, we take the view that the learned trial judge was correct in allowing the Egyptian company's application.

[73] For reasons stated above, we dismiss Saudi company's Appeal No 1653 with costs of RM10,000 subject to allocatur. Deposit is to be refunded.

We hereby order so.

Appeal No 1653 dismissed and Appeal No 401 allowed.

Reported by Afiq Mohamad